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**APPENDIX**  
**OVERSIGHT OF CIVIL AERONAUTICS BOARD**  
**PRACTICES AND PROCEDURES**

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**APPENDIX TO HEARINGS**  
**BEFORE THE**  
**SUBCOMMITTEE ON**  
**ADMINISTRATIVE PRACTICE AND PROCEDURE**  
**OF THE**  
**COMMITTEE ON THE JUDICIARY**  
**UNITED STATES SENATE**  
**NINETY-FOURTH CONGRESS**  
**FIRST SESSION**  
**ON**  
**OVERSIGHT OF CIVIL AERONAUTICS BOARD**  
**PRACTICES AND PROCEDURES**

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**VOLUME 3**

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## INTRODUCTION

These appendix volumes gather together the basic unpublished source material which served as the basis for the subcommittee's hearings and report, but which were too voluminous to include in the hearing record.

Parts One and Two of the Appendix contain the detailed responses to questionnaires that the subcommittee submitted to the Civil Aeronautics Board and the airlines. The airlines responses to Question 100 consisted of training manuals for airline personnel, and thus have been omitted from this appendix. Likewise, some extensive attachments to other answers have been also omitted, particularly if the material is on file with the CAB. In such cases, the omissions are noted, and the material may be obtained from the subcommittee or the CAB as indicated. Finally, the subcommittee has deleted certain information of a confidential, financial, or commercial nature where requested by the airline providing the information.

Part Three presents the primary documents relating to the CAB's control over entry. CAB staff studies of 1972 and 1974 detail the CAB's decisionmaking process, as well as providing much useful information not published or generally available elsewhere. Three studies initiated by the subcommittee are also included: a study by a special subcommittee consultant, Lucille S. Keyes; a legal memorandum by Stuart Glass of the Library of Congress staff; and an audit of entry cases by the General Accounting Office. (The CAB's responses to Questions 19 and 29 of Part One also address this subject.)

Part Four reproduces certain portions of the Domestic Passenger Fare Investigation. This 4-year investigation concluded in December 1974, and presents the most thorough CAB analysis of Federal economic policy toward the airlines, and the most carefully considered CAB judgments on the use of its authority over airline fares.

Finally, Part Five contains supplementary material which relates to, but did not appear in, the hearing record.



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## TWA RESPONSES TO AIRLINE QUESTIONNAIRE

[ Subcommittee note.---TWA responded to the subcommittee questionnaire with voluminous undigested data. Most of this data has been omitted and is on file with the subcommittee. Duplicate copies are also on file with the CAB, if a submission to the CAB has been indicated.]

IN RESPONSE TO QUESTION NUMBER 1

TWA continuously reviews the domestic fare structure and always seriously considers lowering fares in major domestic markets to promote and stimulate domestic air travel. During the last five years TWA has developed several new low fares based on sound economic principals and has filed tariffs embodying these lower fares with the Civil Aeronautics Board. Attached are three of TWA's most recent justifications for new lower fares filed with the Board: TWA's original Demand Scheduling Service Tariff filed in late 1972; TWA's Revised Demand Scheduling Service Tariff filed in early 1974 and TWA's Getaway Excursion Fare filed in late 1974. The Board approved the two former tariffs and the latter is currently pending Board disposition.

TWA, in addition, files tariffs which match new fares filed by competitive airlines.

[ Attachments omitted.]

IN RESPONSE TO QUESTION NUMBER 1

TWA continuously reviews the international fare structure and within the IATA negotiating framework, TWA has always been a proponent of low promotional fares on scheduled service. In the past five years, TWA has considered international fare structures which include low promotional or discount fares on a number of occasions and have filed tariffs with the Civil Aeronautics Board containing such fares. Two specific examples of recent tariff filings by TWA are TWA's filing of December 1972 for transatlantic fares (CAB Docket 25054, 25097, 25101) and TWA's youth fare filing of June 1974 (CAB Docket 25661).

[ Attachments omitted.]

IN RESPONSE TO QUESTION NUMBER 2

TWA does not support the type of "zone of reasonableness" fare proposal advocated by the DOT and DOJ in Phase 9 of the DPFI. TWA's Brief and Reply Brief to the Administrative Law Judge and Brief to the Civil Aeronautics Board in Phase 9 of the DPFI fully explains TWA's position on this issue. These documents are attached.

[ Attachments omitted. ]

IN RESPONSE TO QUESTION NUMBER 3

The accompanying table lists the proportion of passengers carried by TWA traveling for purposes of business and pleasure/personal on transcontinental flights, major short haul routes and transatlantic routes. TWA's market research does not sample this data for minor short haul routes or other international routes on a consistent basis to provide meaningful and statistically significant results. We have provided this data for the years 1972, 1973 and the first nine months of 1974.

TWA'S PROPORTION OF PASSENGERS TRAVELING  
FOR PURPOSES OF BUSINESS AND PLEASURE  
1972 TO DATE

	<u>1972</u>	<u>1973</u>	<u>First 9 Months of 1974</u>
<u>Transcontinental Flights</u>			
Business	52%	51%	53%
Pleasure/Personal	48	49	47
<u>Major Short Haul Routes</u>			
Business	64%	65%	67%
Pleasure/Personal	36	35	33
<u>Transatlantic Routes</u>			
Business	25%	28%	36%
Pleasure/Personal	75	72	64

Source: TWA Continuous On-Board Survey conducted by Oxtoby-Smith, Inc.

IN RESPONSE TO QUESTION NUMBER 4

The attached document is a description of TWA's pricing function, which was filed in the "Capacity Reduction Agreement Case" (CAB Docket 22908).

The effects of fare competition on TWA's fares, costs and profits are included in the justification filed with the Civil Aeronautics Board for fare increases and decreases supplied in response to question numbers 1 and 5.

**TRANS WORLD AIRLINES, Inc.**

## DESCRIPTION OF TWA'S SCHEDULING, FLEET PLANNING

## PRICING AND ADVERTISING FUNCTIONS

(In Response To VII. 4., 6., 8. and 10.)

## C. PRICING

A fare proposal may originate at any level of TWA's management structure. Once the fare proposal is conceptualized it is submitted to the Staff Vice President of Pricing for evaluation (see TWA's Manual of Organization, charts 55 and 55B, Exhibit No. TWA-IR-46, pages 40 and 42). If it is a Domestic U.S. passenger fare proposal, the Director of Domestic Passenger Pricing together with the Manager of Domestic Passenger Pricing and the Manager of Tariff Administration, Domestic, consult with as many internal TWA Divisions and Departments as may be required to evaluate the proposal. An informal report is then prepared summarizing their evaluation, conclusions and recommendations, which is submitted to the Staff Vice President of Pricing for approval or disapproval.

Upon approval by the Staff Vice President of Pricing, a formal coordination form is prepared describing the proposal, the economic and competitive environment which led to the proposal, the conclusions and comments of all the other parties which were consulted and the final evaluation and recommendation of the Pricing Department.

The formal coordination report is then submitted to the Vice President of Marketing Planning, the Vice President of Advertising and Marketing Programs and the Senior Vice President of Marketing for their approvals (see Exhibit No. TWA-IR-46, Page 35).

Upon approval, the Manager of Tariffs, Domestic, prepares the tariff pages for filing with the Civil Aeronautics Board and the Manager of Domestic Passenger Pricing prepares the justification for the filing.

Upon disapproval at any point in the above process the fare proposal is terminated and returned to its originator.

Similar procedures are basically followed for proposals for international passenger fares, domestic and international cargo rates, in accordance with Pricing's functional organization lines (as shown in Exhibit No. TWA-IR-46, Page 42). With respect to international passenger fare and cargo rate proposals after

**TRANS WORLD AIRLINES, Inc**

## DESCRIPTION OF TWA'S SCHEDULING, FLEET PLANNING,

## PRICING AND ADVERTISING FUNCTIONS

(In Response To VII. 4., 6., 8. and 10.)

## C. PRICING (Continued)

TWA's corporate approval is obtained, in many instances, it may require the approval of the International Air Transport Association (IATA) prior to its filing for Civil Aeronautics Board approval. In these instances TWA's IATA Affairs Department (see Exhibit No. TWA-IR-46, page 44) has the responsibility for negotiating such approval. With respect to cargo rates the proposal requires coordinated approval of TWA's Vice President Cargo Marketing rather than that of the Vice President, Advertising and Marketing Programs.

DOMESTIC PASSENGER PRICINGDIRECTOR - Domestic Passenger Pricing

Directs the economic evaluation of existing and newly proposed domestic passenger fare programs and recommends positions to be taken on such programs. Directs and coordinates the initiating devising, investigating, and upon implementation, monitoring of new and different pricing strategies as component parts of passenger marketing concepts and services. Directs the development of economic justifications for domestic passenger fare adjustments, changes and/or additions and sponsors such material as needed at CAB regulatory proceedings.

MANAGER - Domestic Passenger Pricing

Conducts the development of new domestic passenger fare programs and economic evaluations of existing and newly proposed fare programs and recommends positions to be taken for tariff action. Analyzes and evaluates domestic passenger fare proposals and recommends a corporate position on such proposals. Develops economic justifications for domestic passenger fare adjustments, changes and/or additions for CAB tariff filings. Monitors new domestic passenger fare programs.

MANAGER - Tariff Administration, Domestic

Conducts the preparation, publication and distribution of required or approved domestic passenger tariffs and information bulletins and insures that such tariffs are filed with appropriate government agencies. Interprets passenger tariff rules and regulations. Develops tariff format and publication methods. Represents TWA at industry tariff and fare meetings as required.

**TRANS WORLD AIRLINES, Inc.**

## DESCRIPTION OF TWA'S SCHEDULING, FLEET PLANNING,

## PRICING AND ADVERTISING FUNCTIONS

(In Response To VII. 4., 6., 8. and 10.)

## C. PRICING (Continued)

INTERNATIONAL PASSENGER PRICINGDIRECTOR - International Passenger Pricing

Directs the economic evaluation of existing and newly proposed international passenger fare programs and recommends positions to be taken on such programs. Directs and coordinates the initiating, devising, investigating, and upon implementation, monitoring of new and different pricing strategies as component parts of international marketing concepts and services. Directs the development of economic justification for international passenger fare changes, adjustments and / or additions and sponsors such material as needed at CAB regulatory proceedings and IATA fare negotiations.

DIRECTOR - Tariff Administration

Directs the preparation and publication of passenger tariffs as required, and insures their being filed with appropriate federal state and foreign government agencies. Directs the development of the design and publication of such tariffs to obtain maximum clarity at minimum cost. Directs tariff and tariff information bulletin distribution to TWA personnel, other airlines, sales agents and shippers. Provides authoritative interpretations of passenger tariffs including rules and regulations. Exercises staff supervision to assure proper application of approved passenger tariffs throughout the system. Monitors industry competitive passenger tariff action and represents TWA at industry tariff meetings.

MANAGER - International Passenger Pricing

Conducts the development of new international passenger fare programs, economic evaluations relative to international fare programs, both existing and newly proposed, and recommends positions to be taken on such programs all within the framework of the of the IATA negotiating machinery. Develops international passenger charter rates and evaluates proposals as competitive conditions dictate. Supervises analysis and evaluation of international fare proposals, recommends a corporate position, and monitors implemented fare programs.

CARGO PRICING AND MARKET PLANNINGDIRECTOR - Cargo Pricing and Market Planning

Directs the economic evaluation of existing and proposed domestic and international cargo rate programs and recommends corporate positions. Directs the development of an integrated and economically viable cargo plan for TWA, including forecasts, competitive market objectives, tariff requirements, cargo flight equipment evaluation and application and cost analysis. Recommends near term objectives for marketing and service plans. Directs the development, coordination and implementation of new pricing programs and monitors their impact after introduction. Directs the development of economic justifications for cargo rate changes and sponsors material required by CAB or IATA. Directs the maintenance and filing of TWA's air freight tariffs.

C.A.B.  
Docket No. 22908



Exhibit No. TWA - IR-47  
Page 13 of 18

*TRANS WORLD AIRLINES, Inc.*

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DESCRIPTION OF TWA'S SCHEDULING, FLEET PLANNING

PRICING AND ADVERTISING FUNCTIONS

(In Response To VII. 4., 6., 8. and 10.)

C. PRICING (Continued)

MANAGER - Cargo Strategy Planning

Responsible for the development of Cargo traffic and revenue potential, tariff guidelines and TWA share objectives. Responsible for the development of economic evaluation of proposed changes in fleet composition, ground handling systems and services. Coordinates the development cargo information systems required for cargo plan development and strategies.

MANAGER - Cargo Tariffs, Domestic

Conducts the development and evaluation of new or existing domestic cargo rate programs and recommends corporate position for tariff action. Monitors competitive domestic cargo tariff activity. Assists in the development of economic justifications for domestic cargo rate adjustments and participates in various domestic industry discussions related to improvements cargo pricing.

MANAGER - Cargo Tariffs, International

Conducts the development and evaluation of new or existing international cargo rate programs and recommends corporate position for tariff action. Monitors competitive international cargo rate activity. Supervises the presentation of TWA's international cargo prices within industry memorandum tariffs as well as the maintenance of TWA's legal international cargo tariffs. Participates in IATA cargo rate meetings in an economic consulting capacity.



IN RESPONSE TO QUESTION NUMBER 5

Attached are TWA's justification for tariff changes which includes fare increases filed with the Civil Aeronautics Board.

[ Subcommittee note.---The attachments to this response have been omitted as too lengthy for inclusion in the record.]

IN RESPONSE TO QUESTION NUMBER 6

In the attached Statistical Supplement to its 1973 Annual Report, TWA provided a comprehensive picture of the Company's operational and financial performance for the last calendar year as well as historically for the past nine years. Included in the supplement are costs, revenues, gross profits, interest on debt, provision for income taxes, net return to equity and load factors for our domestic and international routes. Also included is data on our charter operations and other non-airline activities.

Also attached are copies of TWA's income statements for the first nine months of 1974 as filed with the Civil Aeronautics Board in CAB Form 41 Schedule P 1.2.

Information on separate routes is generally not available and therefore the information provided makes the distinction only between TWA's Domestic and International operations. The International Operations Data corresponds primarily to North Atlantic routes, therefore the data provided will satisfy that particular portion of your inquiry.

While data for specific routes is generally not available, we have enclosed a series of documents filed with the Civil Aeronautics Board in regard to its investigation into the Capacity Reduction Agreement Case. (CAB Docket 22908). These documents do contain information for Specific routes. Included is the following information:

- 1) TWA's direct testimony of Mr. M. A. Brenner and supporting exhibits.
- 2) TWA's rebuttal testimony of Mr. M. A. Brenner and supporting exhibits.
- 3) TWA's Trial Brief to the Administrative Law Judge.
- 4) TWA's Brief to the Administrative Law Judge.
- 5) TWA's Segment profit and loss statements for capacity agreement markets, comparable markets and competitive impact markets including expense estimating methodology.
- 6) TWA's segment yield data for passenger and cargo traffic carried on the capacity agreement markets, comparable markets and competitive impact markets.
- 7) TWA system profit and loss statements and other financial data.

Revenues and associated passenger related costs generally goes up as load factors increase. We are unable to give specific changes in financial results to corresponding changes in load factors. The results will vary depending upon how load factors are increased, for example, if capacity is reduced as opposed to maintaining capacity while at the same time increasing the number of passengers.


Subcommittee note.---All materials referred to are on file with the CAB, and are omitted except relevant portions of the Statistical Supplement to the 1973 Annual Report, which follows: 7

# Statistical Supplement

## TWA 1973 Annual Report

Trans World Airlines 

Hilton International 

Canteen Corporation 

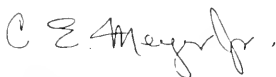
## Trans World Airlines, Inc. 1973 Annual Report Statistical Supplement

To: Members of the Financial and Investment Community

We again have prepared a Statistical Supplement which, along with our 1973 Annual Report, provides you with a comprehensive picture of the Company's operational and financial performance for the last calendar year.

Basically, the Statistical Supplement follows the structure of the 1973 Annual Report. As a result, this Supplement provides you with relevant statistical information for each of our major operating units: the airline, Hilton International and Canteen Corporation.

I trust you will continue to find TWA's Statistical Supplement a valuable source of information and, of course, welcome your comments and suggestions on ways to improve its usefulness.



C. E. Meyer, Jr.  
Senior Vice President - Finance  
April 15, 1974

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**Trans World Airlines, Inc. and Subsidiaries**  
**Consolidated Financial Results 1973-1964**  
(Amounts in Thousands)

	1973 <sup>a</sup>	1972
<b>Operating Revenues:</b>		
Airline		
Passenger	\$1,154,069	\$1,198,092
Cargo	140,632	140,431
Other	84,779	79,765
Total	1,379,480	1,418,288
Hilton International	248,046	214,907
Canteen Corporation <sup>d</sup>	181,044	—
Corporate Activities and Other <sup>e</sup>	2,420	—
Total	1,810,990	1,633,195
<b>Operating Expenses:</b>		
Airline	1,308,693	1,343,596
Hilton International	226,659	195,729
Canteen Corporation <sup>d</sup>	171,773	—
Corporate Activities and Other <sup>e</sup>	5,379	—
Total	1,712,504	1,539,325
<b>Operating Income (Loss):</b>		
Airline	70,787	74,692
Hilton International	21,387	19,178
Canteen Corporation <sup>d</sup>	9,271	—
Corporate Activities and Other <sup>e</sup>	(2,959)	—
Total	98,486	93,870
<b>Other Charges (Credits):</b>		
Airline	31,078	32,158
Hilton International	(5,430)	1,422
Canteen Corporation <sup>d</sup>	(188)	—
Corporate Activities and Other <sup>e</sup>	3,767	(1,083)
Total	29,227	32,497
<b>Corporate Income (Loss) Before Income Taxes:</b>		
Airline	39,709	42,534
Hilton International	26,817	17,756
Canteen Corporation <sup>d</sup>	9,459	—
Corporate Activities and Other <sup>e</sup>	(6,726)	1,083
Total	69,259	61,373
Provision (Credit) For Income Taxes	22,783	18,295
<b>Corporate Income (Loss) After Income Taxes</b>	<u>\$ 46,476</u>	<u>\$ 43,078</u>
<b>Corporate Earnings (Loss) Per Common Share<sup>f</sup></b>	<u>\$ 3.25</u>	<u>\$ 3.01</u>
<b>Financial Ratios:</b>		
Corporate Return on Investment <sup>g</sup>	7.1%	6.8%
Corporate Operating Income to Revenues	5.4%	5.7%
Corporate Operating Expenses to Revenues	94.6%	94.3%
Corporate Debt to Equity	2.19:1	2.21:1
Corporate Net Income as a Percent of Equity <sup>h</sup>	10.5%	11.0%
Corporate Net Income as a Percent of Revenues	2.6%	2.6%

<sup>a</sup>1973 includes 45 days of strike.

<sup>b</sup>Hilton International was acquired under a pooling-of-interests in May 1967.

Financial Statements prior to the acquisition have been restated in accordance with generally accepted accounting principles to reflect results as if Hilton International had always been a subsidiary of TWA.

<sup>c</sup>1966 includes 43 days of strike.

<sup>d</sup>Acquired as of July 29, 1973.

1971	1970	1969	1968	1967 <sup>b</sup>	1966 <sup>c</sup>	1965	1964
\$1,061,600	\$ 981,383	\$ 925,709	\$ 788,910	\$ 735,256	\$ 571,344	\$ 582,342	\$ 498,686
125,149	122,627	114,669	97,963	88,669	72,003	69,728	58,822
66,679	53,367	58,062	61,371	51,614	38,285	20,717	17,490
1,253,428	1,157,377	1,098,440	948,244	875,539	681,632	672,787	574,998
185,872	178,705	161,816	150,200	131,763	115,519	94,056	80,282
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,439,300</u>	<u>1,336,082</u>	<u>1,260,256</u>	<u>1,098,444</u>	<u>1,007,302</u>	<u>797,151</u>	<u>766,843</u>	<u>655,280</u>
1,241,144	1,241,257	1,073,354	918,022	820,595	615,315	576,285	490,654
169,518	162,322	146,054	136,960	122,793	107,641	88,244	75,926
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,410,662</u>	<u>1,403,579</u>	<u>1,219,408</u>	<u>1,054,982</u>	<u>943,388</u>	<u>722,956</u>	<u>664,529</u>	<u>566,580</u>
12,284	(83,880)	25,086	30,222	54,944	66,317	96,502	84,344
16,354	16,383	15,762	13,240	8,970	7,878	5,812	4,356
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>28,638</u>	<u>(67,497)</u>	<u>40,848</u>	<u>43,462</u>	<u>63,914</u>	<u>74,195</u>	<u>102,314</u>	<u>88,700</u>
20,620	17,036	18,289	22,868	13,509	15,055	12,853	14,267
282	434	749	1,099	378	948	716	1,364
-	-	-	-	-	-	-	-
(1989)	(2,123)	(2,216)	(1,867)	-	-	-	-
<u>19,913</u>	<u>15,347</u>	<u>16,822</u>	<u>22,100</u>	<u>13,887</u>	<u>16,003</u>	<u>13,569</u>	<u>15,631</u>
18,336	(100,916)	6,797	7,354	41,435	51,262	83,649	70,077
16,072	15,949	15,013	12,141	8,592	6,930	5,096	2,992
-	-	-	-	-	-	-	-
989	2,123	2,216	1,867	-	-	-	-
8,725	(82,844)	24,026	21,362	50,027	58,192	88,745	73,069
-	-	-	-	-	-	-	-
<u>5,471</u>	<u>(19,335)</u>	<u>4,132</u>	<u>(175)</u>	<u>9,257</u>	<u>23,474</u>	<u>34,640</u>	<u>33,764</u>
<u>\$ 3,254</u>	<u>\$ (63,509)</u>	<u>\$ 19,894</u>	<u>\$ 21,537</u>	<u>\$ 40,770</u>	<u>\$ 34,718</u>	<u>\$ 54,105</u>	<u>\$ 39,305</u>
<u>\$ 0.11</u>	<u>\$ 6.39</u>	<u>\$ 1.63</u>	<u>\$ 1.78</u>	<u>\$ 3.39</u>	<u>\$ 2.92</u>	<u>\$ 4.72</u>	<u>\$ 3.92</u>
3.9%	(2.4%)	4.9%	5.2%	1.0%	8.7%	14.1%	13.0%
2.0%	(5.1%)	3.2%	4.0%	6.3%	9.3%	13.3%	13.5%
98.0%	105.1%	96.8%	96.0%	93.7%	90.7%	86.7%	86.5%
2.24.1	2.75.1	2.13.1	1.73.1	1.70.1	1.36.1	1.16.1	2.18.1
9%	(21.2%)	5.5%	6.3%	12.6%	12.2%	21.6%	25.7%
2%	(4.8%)	1.6%	2.0%	4.0%	4.4%	7.1%	6.0%

<sup>a</sup> Includes Special Services, TWA Services, Inc., International Hotels (Kenya), Ltd., Hotels of the Marianas, Inc. (Guam), nonairline general and administrative expenses and income charges associated with acquisition of Canteen Corporation.

<sup>b</sup> Based on average common and common equivalent shares outstanding during each period.

<sup>c</sup> CAB formula.

<sup>d</sup> Five quarter averages, debt includes current maturities.

**Trans World Airlines, Inc. and Subsidiaries**  
**Consolidated Balance Sheet <sup>a</sup>**  
(Amounts in Thousands)

	December 31,	
	1973	1972
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 42,793	\$ 46,558
Temporary cash investments, at cost (approximates market)	54,466	37,301
Receivables, less allowance for doubtful accounts (1973-\$15,969, 1972-\$11,648)	245,957	254,131
Inventories, less allowance for obsolescence (1973-\$24,987, 1972-\$22,134)	99,390	59,291
Other	21,138	19,117
Total	<u>463,744</u>	<u>416,398</u>
<b>Property:</b>		
Flight equipment	1,608,910	1,494,127
Merchandise - equipment	73,449	—
Land, buildings and improvements	194,442	169,117
Other property and equipment	156,553	148,019
Prepayments on flight equipment	146,053	154,027
Total property — at cost	2,179,407	1,965,290
Less accumulated depreciation	851,627	742,673
Property — net	<u>1,327,780</u>	<u>1,222,617</u>
<b>Other Assets:</b>		
Goodwill	41,675	—
Equity in unconsolidated finance subsidiary	11,262	—
Other	75,355	59,924
Total	<u>128,292</u>	<u>59,924</u>
<b>Total</b>	<b><u>\$1,919,816</u></b>	<b><u>\$1,698,939</u></b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$ 57,926	\$ 37,853
Accounts payable and accrued liabilities	267,775	242,852
Advance ticket sales	76,629	64,225
Total	<u>402,330</u>	<u>344,930</u>
<b>Long-Term Liabilities:</b>		
Long-term debt, less current maturities	964,888	866,702
Other non-current liabilities	14,710	14,488
Total	<u>979,598</u>	<u>881,190</u>
<b>Deferred Credits:</b>		
Deferred income taxes	85,783	71,380
Other	10,935	9,786
Total	<u>96,718</u>	<u>81,166</u>
<b>Shareholders' Equity:</b>		
<b>Shares in Thousands</b>		
	<b>1973</b>	<b>1972</b>
Preferred Stock, without par value, stated value \$2.50 per share, liquidating preference \$50 per share (aggregate \$52,405,000)		
Authorized	7,000	7,000
Outstanding	1,048	1,048
Common Stock, par value \$5 per share		
Authorized	40,000	40,000
Outstanding	12,513	12,307
Additional paid-in capital	161,304	157,195
Retained earnings	214,682	170,302
Total	<u>441,170</u>	<u>391,653</u>
<b>Total</b>	<b><u>\$1,919,816</u></b>	<b><u>\$1,698,939</u></b>

<sup>a</sup>Trans World Airlines adopted a policy of fully consolidated financial statement presentation in 1973. The Consolidated Balance Sheet and Statement of Changes in Consolidated Financial Position have been restated for 1972 only.

**Trans World Airlines, Inc. and Subsidiaries**  
**Statement of Changes in Consolidated Financial Position<sup>a</sup>**  
**(Amounts in Thousands)**

	<b>Year Ended December 31,</b>	
	<b>1973</b>	<b>1972</b>
<b>Funds Provided By:</b>		
Operations		
Net income	\$ 46,476	\$ 43,078
Expenses not requiring current cash outlays		
Deferred income tax provision	13,520	11,713
Depreciation and amortization	123,033	108,322
Other	8,915	7,921
Net from operations	191,944	171,034
Prepayments refunded upon lease of aircraft	33,955	—
Net book value of assets retired	14,700	10,706
Long-term debt incurred		
Issued in connection with acquisition	133,640	—
Assumed through acquisition	26,605	—
Other	44,278	90,310
Common stock issued	5,137	4,694
Increase (decrease) in		
Accounts payable and accrued liabilities	24,923	33,890
Advance ticket sales	12,404	7,106
Revolving credit notes — net	10,000	34,350
Other non-current liabilities and deferred credits	1,371	(1,899)
Decrease (increase) in receivables	8,174	(33,938)
Total	<u>507,131</u>	<u>316,253</u>
<b>Funds Used For:</b>		
Property		
Added through acquisition	81,405	—
Flight equipment additions less prepayments applied	87,600	116,102
Prepayments on flight equipment	60,832	87,842
Other additions	48,699	57,805
Total property additions	278,536	261,749
Long-term debt payments	96,264	26,992
Dividends paid — preferred stock	2,096	4,193
Goodwill relating to companies acquired	42,114	—
Increase (decrease) in		
Inventories	43,549	15,240
Other current assets	1,138	3,146
Other assets	30,034	(5,386)
Total	<u>493,731</u>	<u>305,934</u>
<b>Increase in Cash and Temporary Cash Investments for the Year</b>	<b>13,400</b>	<b>10,319</b>
<b>Cash and Temporary Cash Investments at:</b>		
Beginning of year	83,859	73,540
End of year	<u>\$ 97,259</u>	<u>\$ 83,859</u>

<sup>a</sup> Trans World Airlines adopted a policy of fully consolidated financial statement presentation in 1973. The Consolidated Balance Sheet and Statement of Changes in Consolidated Financial Position have been restated for 1972 only.



**Trans World Airlines, Inc. and Subsidiaries**  
**Airline Financial Results – System Operations 1973-1964**  
**(Amounts in Thousands)**

	1973 <sup>a</sup>	1972
<b>Operating Revenues:</b>		
Passenger		
First class	\$ 171,177	\$ 192,389
Coach/economy	<u>982,992</u>	<u>1,005,703</u>
Total	<u>1,154,069</u>	<u>1,198,092</u>
Cargo		
Mail	38,436	38,956
Express	3,679	3,601
Freight	<u>98,517</u>	<u>97,874</u>
Total	<u>140,632</u>	<u>140,431</u>
Charter		
Military	11,817	20,185
Commercial	<u>39,947</u>	<u>33,859</u>
Total	<u>51,764</u>	<u>54,044</u>
Other	<u>33,015</u>	<u>25,721</u>
Total	<u>1,379,480</u>	<u>1,418,288</u>
<b>Operating Expenses:</b>		
Employment costs	497,183	485,619
Salaries and wages	<u>91,935</u>	<u>79,269</u>
Employee benefits		
Total	<u>589,118</u>	<u>564,888</u>
Aircraft fuel <sup>c</sup>	166,453	158,845
Depreciation and amortization	111,982	104,947
Mutual aid – net	(73,563)	3,950
Other	<u>514,703</u>	<u>510,966</u>
Total	<u>1,308,693</u>	<u>1,343,596</u>
<b>Other Charges (Credits):</b>		
Interest – net	30,818	29,071
Other – net	<u>260</u>	<u>3,087</u>
Total	<u>31,078</u>	<u>32,158</u>
<b>Income Before Income Taxes</b>	<u>\$ 39,709</u>	<u>\$ 42,534</u>

<sup>a</sup> 1973 includes 45 days of strike.

<sup>b</sup> 1966 includes 43 days of strike.

<sup>c</sup> Fuel costs as reported to CAB. Does not include oil or demineralized water.

1971	1970	1969	1968	1967	1966 <sup>b</sup>	1965	1964
\$ 176,994	\$ 192,176	\$ 198,886	\$ 163,645	\$ 154,878	\$ 140,435	\$ 148,872	\$ 138,436
864,606	789,207	726,823	625,265	580,378	430,909	433,470	360,250
<u>1,061,600</u>	<u>981,383</u>	<u>925,709</u>	<u>788,910</u>	<u>735,256</u>	<u>571,344</u>	<u>582,342</u>	<u>498,686</u>
38,526	34,979	35,566	30,644	29,876	23,946	22,582	22,523
3,127	4,262	4,680	5,013	4,796	4,792	4,630	4,307
83,496	83,386	74,423	62,306	53,997	43,265	42,516	31,992
<u>125,149</u>	<u>122,627</u>	<u>114,669</u>	<u>97,963</u>	<u>88,669</u>	<u>72,003</u>	<u>69,728</u>	<u>58,822</u>
23,736	17,687	25,607	33,486	30,447	20,911	8,011	6,267
18,936	13,026	12,302	7,993	5,344	4,304	1,916	1,959
<u>42,672</u>	<u>30,713</u>	<u>37,909</u>	<u>41,479</u>	<u>35,791</u>	<u>25,215</u>	<u>9,927</u>	<u>8,226</u>
24,007	22,654	20,153	19,892	15,823	13,070	10,790	9,264
<u>1,253,428</u>	<u>1,157,377</u>	<u>1,098,440</u>	<u>948,244</u>	<u>875,539</u>	<u>681,632</u>	<u>672,787</u>	<u>574,998</u>
454,564	467,758	419,711	359,480	321,134	245,571	221,096	187,904
75,071	78,543	46,548	40,967	34,155	21,738	20,852	13,563
529,635	546,301	466,259	400,447	355,289	267,309	241,948	201,467
146,323	145,934	138,568	125,516	104,323	79,438	75,479	63,299
117,237	105,300	93,602	80,671	88,934	72,031	58,846	48,730
1,209	5,904	8,651	—	—	(17,962)	976	29
446,740	437,818	366,274	311,388	272,049	214,499	199,036	177,129
<u>1,241,144</u>	<u>1,241,257</u>	<u>1,073,354</u>	<u>918,022</u>	<u>820,595</u>	<u>615,315</u>	<u>576,285</u>	<u>490,654</u>
28,080	23,711	20,871	22,261	21,287	20,208	17,729	18,647
(7,460)	(6,675)	(2,582)	607	(7,778)	(5,153)	(4,876)	(4,380)
<u>20,620</u>	<u>17,036</u>	<u>18,289</u>	<u>22,868</u>	<u>13,509</u>	<u>15,055</u>	<u>12,853</u>	<u>14,267</u>
<u>\$ (8,336)</u>	<u>\$ (100,916)</u>	<u>\$ 6,797</u>	<u>\$ 7,354</u>	<u>\$ 41,435</u>	<u>\$ 51,262</u>	<u>\$ 83,649</u>	<u>\$ 70,077</u>

## Trans World Airlines, Inc.

## Airline Operating Statistics — System Operations 1973-1964

	1973 <sup>a</sup>	1972
<b>Revenue Passenger Miles Flown (000)</b>		
First Class . . . . .	1,970,033	2,340,827
Coach/Economy . . . . .	18,470,663	19,777,768
Scheduled Service — Total . . . . .	20,440,696	22,118,595
Charter . . . . .	1,948,099	2,153,604
Total . . . . .	<u>22,388,795</u>	<u>24,272,199</u>
<b>Available Seat Miles Flown (000)</b>		
First Class . . . . .	5,337,575	6,209,464
Coach/Economy . . . . .	33,274,350	34,463,341
Scheduled Service — Total . . . . .	38,611,925	40,672,805
Charter . . . . .	2,190,829	2,374,553
Total . . . . .	<u>40,802,754</u>	<u>43,047,358</u>
<b>Passenger Load Factor</b>		
First Class . . . . .	36.9%	37.7%
Coach/Economy . . . . .	55.5	57.4
Scheduled Service — Average . . . . .	52.9	54.4
Charter . . . . .	88.9	90.7
Average — All Services . . . . .	54.9	56.4
<b>Revenue Plane Miles Flown (000)</b>		
Scheduled Service . . . . .	273,581	300,745
Charter . . . . .	13,764	15,447
Total . . . . .	<u>287,345</u>	<u>316,192</u>
Percent of Scheduled Miles Completed . . . . .	98.1%	98.6%
<b>Revenue Passenger Enplanements (000)</b>		
Scheduled Service . . . . .	14,148	15,558
Charter . . . . .	524	533
Total . . . . .	<u>14,672</u>	<u>16,091</u>
<b>Available Ton Miles Flown (000)</b>		
Scheduled Service . . . . .	6,012,980	6,338,028
Charter . . . . .	321,453	363,418
Total . . . . .	<u>6,334,433</u>	<u>6,701,446</u>

<sup>a</sup> 1973 includes 45 days of strike.<sup>b</sup> 1966 includes 43 days of strike.

1971	1970	1969	1968	1967	1966 <sup>D</sup>	1965	1964
2,251,175	2,571,796	2,697,163	2,358,844	2,226,260	2,004,020	2,097,254	1,977,939
<u>17,049,109</u>	<u>16,027,290</u>	<u>14,840,843</u>	<u>12,861,956</u>	<u>11,754,907</u>	<u>8,447,100</u>	<u>8,127,627</u>	<u>6,608,921</u>
19,300,284	18,599,086	17,538,006	15,220,800	13,981,167	10,451,120	10,224,881	8,586,860
<u>1,630,535</u>	<u>1,424,055</u>	<u>1,611,995</u>	<u>1,684,414</u>	<u>1,543,107</u>	<u>876,332</u>	<u>338,878</u>	<u>288,289</u>
<u>20,930,819</u>	<u>20,023,141</u>	<u>19,150,001</u>	<u>16,905,214</u>	<u>15,524,274</u>	<u>11,327,452</u>	<u>10,563,759</u>	<u>8,875,149</u>
7,204,636	7,683,275	7,002,910	6,170,666	5,336,228	4,362,208	4,636,767	4,133,895
<u>33,204,309</u>	<u>31,734,034</u>	<u>28,419,357</u>	<u>24,485,488</u>	<u>20,684,506</u>	<u>15,471,076</u>	<u>14,331,796</u>	<u>11,225,338</u>
40,408,945	39,417,309	35,422,267	30,656,154	26,020,734	19,833,284	18,968,563	15,359,233
<u>1,751,974</u>	<u>1,562,169</u>	<u>1,762,241</u>	<u>1,785,111</u>	<u>1,650,320</u>	<u>979,709</u>	<u>380,699</u>	<u>315,932</u>
<u>42,160,919</u>	<u>40,979,478</u>	<u>37,184,508</u>	<u>32,441,265</u>	<u>27,671,054</u>	<u>20,812,993</u>	<u>19,349,262</u>	<u>15,675,165</u>
31.2%	33.5%	38.5%	38.2%	41.7%	45.9%	45.2%	47.8%
51.3	50.5	52.2	52.5	56.8	54.6	56.7	58.9
47.8	47.2	49.5	49.7	53.7	52.7	53.9	55.9
93.1	91.2	91.5	94.4	93.5	89.4	89.0	91.3
49.6	48.9	51.5	52.1	56.1	54.4	54.6	56.6
304,848	319,841	309,461	274,201	234,540	178,021	174,102	143,558
<u>12,521</u>	<u>9,945</u>	<u>12,958</u>	<u>14,069</u>	<u>11,565</u>	<u>7,668</u>	<u>2,741</u>	<u>2,200</u>
317,369	329,786	322,419	288,260	246,105	185,689	176,843	145,758
<u>98.4%</u>	<u>96.9%</u>	<u>98.0%</u>	<u>98.7%</u>	<u>99.1%</u>	<u>99.4%</u>	<u>99.5%</u>	<u>99.1%</u>
14,034	13,852	14,821	13,557	12,650	9,744	9,574	8,125
<u>390</u>	<u>312</u>	<u>308</u>	<u>331</u>	<u>283</u>	<u>198</u>	<u>112</u>	<u>101</u>
<u>14,424</u>	<u>14,164</u>	<u>15,129</u>	<u>13,888</u>	<u>12,933</u>	<u>9,942</u>	<u>9,686</u>	<u>8,226</u>
6,302,974	6,204,530	5,543,347	4,845,898	4,068,264	3,049,115	2,939,860	2,376,744
<u>301,271</u>	<u>227,971</u>	<u>327,059</u>	<u>364,260</u>	<u>274,248</u>	<u>186,323</u>	<u>55,604</u>	<u>41,523</u>
<u>6,604,245</u>	<u>6,432,501</u>	<u>5,870,406</u>	<u>5,210,158</u>	<u>4,342,512</u>	<u>3,235,438</u>	<u>2,995,464</u>	<u>2,418,267</u>

**Trans World Airlines, Inc.**  
**Airline Operating Statistics — System Operations 1973-1964 (Continued)**

	1973 <sup>a</sup>	1972
<b>Revenue Ton Miles Flown (000)</b>		
Passenger . . . . .	2,044,070	2,211,860
Cargo . . . . .		
Mail . . . . .	160,852	175,899
Express . . . . .	11,135	11,736
Freight . . . . .	475,884	490,431
Total . . . . .	647,871	678,066
Excess Baggage <sup>c</sup> . . . . .	—	—
Scheduled Service — Total . . . . .	2,691,941	2,889,926
Charter . . . . .	226,215	255,607
Total All Services . . . . .	2,918,156	3,145,533
<b>Payload Factor</b> . . . . .	44.8%	45.6%
<b>Break-even Payload Factor</b> (Incl. Charter) . . . . .	45.0%	45.5%
<b>Passenger Revenue Per RPM</b>		
First Class . . . . .	8.7¢	8.2¢
Coach/Economy . . . . .	5.3	5.1
Average . . . . .	5.6	5.4
<b>Cargo Revenue Per RTM<sup>d</sup></b>		
Mail . . . . .	23.9¢	22.1¢
Express . . . . .	33.0	30.7
Freight . . . . .	20.7	20.0
Average . . . . .	21.7	20.7
<b>Operating Revenue Per RTM</b> (Incl. Charter) . . . . .	47.3¢	45.1¢
<b>Total Expense Per ATM</b> (Incl. Charter) . . . . .	21.3¢	20.5¢
<b>Revenue Aircraft At Year End</b>		
Jet . . . . .	252	244
Piston . . . . .	—	—
<b>Aircraft Utilization</b>		
Revenue Block Hours (Incl. Charter) . . . . .	693,645	757,733
Nonrevenue Block Hours . . . . .	15,910	15,724
Aircraft Days . . . . .	78,522	87,896
Average Revenue Hours Utilized Per Day . . . . .	8:50	8:37
Average Total Hours Utilized Per Day . . . . .	9:02	8:48
Jet Aircraft . . . . .	9:02	8:48
Piston Aircraft . . . . .	—	—
<b>Fuel Data</b>		
Gallons Consumed (000) <sup>e</sup> . . . . .	1,306,476	1,416,665
Average Price Per Gallon . . . . .	12.7¢	11.2¢

<sup>a</sup> 1973 includes 45 days of strike.

<sup>b</sup> 1966 includes 43 days of strike.

<sup>c</sup> Baggage included in Revenue Passenger Ton Miles beginning in 1970.

<sup>d</sup> Excludes charter operations.

<sup>e</sup> As reported to CAB.

1971	1970	1969	1968	1967	1966 <sup>b</sup>	1965	1964
<u>1,930,026</u>	<u>1,859,908</u>	<u>1,694,439</u>	<u>1,467,563</u>	<u>1,347,698</u>	<u>1,007,421</u>	<u>986,395</u>	<u>827,432</u>
176,604	169,580	160,020	141,518	105,163	72,066	65,784	57,782
10,320	13,897	15,574	15,806	15,821	14,171	13,684	12,116
<u>427,635</u>	<u>436,118</u>	<u>416,884</u>	<u>358,445</u>	<u>307,464</u>	<u>242,187</u>	<u>232,098</u>	<u>164,186</u>
<u>614,559</u>	<u>619,595</u>	<u>592,478</u>	<u>515,769</u>	<u>428,448</u>	<u>328,424</u>	<u>311,566</u>	<u>234,084</u>
—	—	6,366	6,350	5,264	4,536	4,917	4,640
2,544,585	2,479,503	2,293,283	1,989,682	1,781,410	1,340,381	1,302,878	1,066,156
<u>215,298</u>	<u>156,138</u>	<u>216,262</u>	<u>241,065</u>	<u>185,571</u>	<u>116,169</u>	<u>37,465</u>	<u>29,194</u>
<u>2,759,883</u>	<u>2,635,641</u>	<u>2,509,545</u>	<u>2,230,747</u>	<u>1,966,981</u>	<u>1,456,550</u>	<u>1,340,343</u>	<u>1,095,350</u>
40.4%	40.0%	41.4%	41.1%	43.8%	44.0%	44.3%	44.9%
42.0%	44.5%	42.4%	42.4%	43.2%	41.6%	39.2%	39.8%
7.9¢	7.5¢	7.4¢	6.9¢	6.9¢	7.0¢	7.1¢	7.0¢
5.2	4.9	4.9	4.9	4.9	5.1	5.3	5.5
5.5	5.3	5.3	5.2	5.3	5.5	5.7	5.8
21.8¢	20.6¢	22.2¢	21.7¢	28.4¢	33.2¢	34.3¢	39.0¢
30.3	30.7	30.1	31.7	30.3	33.8	33.8	35.5
19.5	19.1	17.9	17.4	17.6	17.9	18.3	19.5
20.4	19.8	19.4	19.0	20.7	21.9	22.4	25.1
45.4¢	43.9¢	43.8¢	42.5¢	44.5¢	46.8¢	50.2¢	52.5¢
19.1¢	19.6¢	18.6¢	18.0¢	19.2¢	19.5¢	19.7¢	20.9¢
239	245	226	197	173	142	114	104
—	—	—	—	—	16	41	49
756,152	802,140	794,347	705,650	599,497	467,572	455,699	393,969
15,628	26,882	22,842	22,469	27,082	28,422	20,245	16,891
88,665	86,734	79,975	68,800	59,878	53,100	56,755	56,520
8.32	9.15	9.56	10.15	10.01	8.49	8.02	6.58
8.42	9.33	10.14	10.30	10.28	9.20	8.23	7.16
8.44	9.36	10.16	10.38	10.39	10.39	10.05	9.44
0.54	0.58	0.38	0.57	3.15	4.20	4.28	4.04
1,385,504	1,429,164	1,374,292	1,233,290	1,082,479	827,535	769,320	637,812
<u>10.6¢</u>	<u>10.2¢</u>	<u>10.1¢</u>	<u>10.2¢</u>	<u>9.6¢</u>	<u>9.6¢</u>	<u>9.8¢</u>	<u>9.9¢</u>

Trans World Airlines, Inc.  
**Airline Financial Results – Domestic Operations 1973-1964**  
 (Amounts in Thousands)

	1973 <sup>a</sup>	1972
<b>Operating Revenues:</b>		
Passenger		
First class	\$121,454	\$139,401
Coach/economy	658,974	684,228
Total	<u>780,428</u>	<u>823,629</u>
Cargo		
Mail	19,636	19,094
Express	3,679	3,601
Freight	56,027	54,238
Total	<u>79,342</u>	<u>76,933</u>
Charter		
Military	—	—
Commercial	6,785	2,108
Total	<u>6,785</u>	<u>2,108</u>
Other	21,171	15,757
Total	<u>887,726</u>	<u>918,427</u>
<b>Operating Expenses:</b>		
Employment costs		
Salaries and wages	342,890	327,515
Employee benefits	60,230	52,003
Total	<u>403,120</u>	<u>379,518</u>
Aircraft fuel <sup>c</sup>	106,356	104,354
Depreciation and amortization	75,447	70,713
Mutual aid — net	(47,122)	2,386
Other	<u>307,440</u>	<u>303,974</u>
Total	<u>845,241</u>	<u>860,945</u>
<b>Other Charges (Credits):</b>		
Interest — net	20,961	19,290
Other — net	92	2,156
Total	<u>21,053</u>	<u>21,446</u>
<b>Income Before Income Taxes</b>	<u>\$ 21,432</u>	<u>\$ 36,036</u>

<sup>a</sup> 1973 includes 45 days of strike.

<sup>b</sup> 1966 includes 43 days of strike.

<sup>c</sup> Fuel costs as reported to CAB. Does not include oil or demineralized water.

1971	1970	1969	1968	1967	1966 <sup>D</sup>	1965	1964
\$133,158	\$144,016	\$152,025	\$130,155	\$125,443	\$117,419	\$125,896	\$120,888
609,787	546,630	526,576	461,689	428,079	314,047	305,502	257,461
<u>742,945</u>	<u>690,646</u>	<u>678,601</u>	<u>591,844</u>	<u>553,522</u>	<u>431,466</u>	<u>431,398</u>	<u>378,349</u>
17,896	17,115	19,405	17,533	14,886	11,586	10,149	9,037
3,127	4,262	4,680	5,013	4,796	4,792	4,630	4,307
45,415	49,240	44,664	39,044	34,921	28,477	26,236	20,446
<u>66,438</u>	<u>70,617</u>	<u>68,749</u>	<u>61,590</u>	<u>54,603</u>	<u>44,855</u>	<u>41,015</u>	<u>33,790</u>
12	29	37	54	240	1,399	990	369
<u>1,832</u>	<u>550</u>	<u>972</u>	<u>1,035</u>	<u>523</u>	<u>230</u>	<u>941</u>	<u>980</u>
<u>1,844</u>	<u>579</u>	<u>1,009</u>	<u>1,089</u>	<u>763</u>	<u>1,629</u>	<u>1,931</u>	<u>1,349</u>
<u>15,440</u>	<u>14,760</u>	<u>12,362</u>	<u>12,939</u>	<u>9,643</u>	<u>7,966</u>	<u>5,972</u>	<u>6,119</u>
<u>826,667</u>	<u>776,602</u>	<u>760,721</u>	<u>667,462</u>	<u>618,531</u>	<u>485,916</u>	<u>480,316</u>	<u>419,607</u>
325,024	342,516	313,056	273,223	243,391	187,349	173,234	147,683
43,661	50,145	32,442	28,371	22,646	14,872	14,105	9,016
668,685	392,661	345,498	301,594	266,037	202,221	187,339	156,699
103,748	105,997	104,179	89,060	77,035	59,834	58,110	49,508
84,200	78,750	73,168	63,176	68,528	54,951	46,626	38,903
834	3,860	8,283	—	—	(14,341)	—	—
<u>275,077</u>	<u>278,810</u>	<u>245,658</u>	<u>218,856</u>	<u>188,354</u>	<u>148,129</u>	<u>139,176</u>	<u>124,450</u>
<u>832,544</u>	<u>860,078</u>	<u>776,786</u>	<u>672,686</u>	<u>599,954</u>	<u>450,794</u>	<u>431,251</u>	<u>369,560</u>
19,601	16,837	15,149	15,225	15,463	15,074	14,382	15,176
(7,266)	(2,996)	(1,389)	(830)	(7,685)	(3,989)	(4,275)	(2,269)
<u>12,335</u>	<u>13,841</u>	<u>13,760</u>	<u>14,395</u>	<u>7,778</u>	<u>11,085</u>	<u>10,107</u>	<u>12,907</u>
<u>\$ (18,212)</u>	<u>\$ (97,317)</u>	<u>\$ (29,825)</u>	<u>\$ (19,619)</u>	<u>\$ 10,799</u>	<u>\$ 24,037</u>	<u>\$ 38,958</u>	<u>\$ 37,140</u>



**Trans World Airlines, Inc.**  
**Airline Operating Statistics — Domestic Operations 1973-1964**

	1973 <sup>a</sup>	1972
<b>Revenue Passenger Miles Flown (000)</b>		
First Class . . . . .	1,464,924	1,734,934
Coach/Economy . . . . .	10,992,186	11,845,934
Scheduled Service — Total . . . . .	12,457,110	13,580,868
Charter . . . . .	236,937	62,457
Total . . . . .	<u>12,693,047</u>	<u>13,643,325</u>
<b>Available Seat Miles Flown (000)</b>		
First Class . . . . .	3,880,910	4,612,625
Coach/Economy . . . . .	20,616,308	21,393,282
Scheduled Service — Total . . . . .	24,497,218	26,005,907
Charter . . . . .	279,497	83,988
Total . . . . .	<u>24,776,715</u>	<u>26,089,895</u>
<b>Passenger Load Factor</b>		
First Class . . . . .	37.7%	37.6%
Coach/Economy . . . . .	53.3	55.4
Scheduled Service — Average . . . . .	50.9	52.2
Charter . . . . .	84.4	74.4
Average — All Services . . . . .	51.2%	52.3%
<b>Domestic Market Share (RPM) <sup>c</sup></b>		
TWA as a percent of Domestic Trunk Carriers <sup>d</sup> . . . . .	10.8%	12.6%
TWA as a percent of "Big 3" Carriers <sup>d</sup> . . . . .	21.6%	24.3%
<b>Revenue Plane Miles Flown (000)</b>		
Scheduled Service . . . . .	201,691	222,618
Charter . . . . .	1,568	503
Total . . . . .	<u>203,259</u>	<u>223,121</u>
Percent of Scheduled Miles Completed . . . . .	98.2%	98.7%
<b>Revenue Passenger Enplanements (000)</b>		
Scheduled Service . . . . .	11,789	13,008
Charter . . . . .	111	45
Total . . . . .	<u>11,900</u>	<u>13,053</u>
<b>Available Ton Miles Flown (000)</b>		
Scheduled Service . . . . .	3,726,256	4,007,499
Charter . . . . .	34,261	11,323
Total . . . . .	<u>3,760,517</u>	<u>4,018,822</u>

<sup>a</sup>1973 includes 45 days of strike.

<sup>b</sup>1966 includes 43 days of strike.

<sup>c</sup>Excludes charter operations.

<sup>d</sup>Based on 50 U. S. States beginning in 1970.

1971	1970	1969	1968	1967	1966 <sup>o</sup>	1965	1964
1,736,294	2,003,301	2,192,096	1,980,340	1,900,738	1,755,332	1,848,820	1,791,428
<u>10,778,305</u>	<u>10,392,593</u>	<u>10,437,989</u>	<u>9,490,859</u>	<u>8,671,311</u>	<u>6,155,920</u>	<u>5,742,451</u>	<u>4,739,077</u>
12,514,599	12,395,894	12,630,085	11,471,199	10,572,049	7,911,252	7,591,271	6,530,505
<u>54,305</u>	<u>14,400</u>	<u>33,430</u>	<u>32,800</u>	<u>20,369</u>	<u>26,123</u>	<u>37,432</u>	<u>31,600</u>
<u>12,568,904</u>	<u>12,410,294</u>	<u>12,663,515</u>	<u>11,503,999</u>	<u>10,592,438</u>	<u>7,939,375</u>	<u>7,628,703</u>	<u>6,562,105</u>
5,534,534	5,960,885	5,697,493	5,180,385	4,415,818	3,703,795	4,033,355	3,690,803
<u>21,160,210</u>	<u>21,187,631</u>	<u>20,374,413</u>	<u>18,006,900</u>	<u>14,883,932</u>	<u>11,074,757</u>	<u>10,100,592</u>	<u>7,890,457</u>
26,694,744	27,148,516	26,071,906	23,187,285	19,799,750	14,778,552	14,133,947	11,581,260
<u>65,730</u>	<u>18,535</u>	<u>43,960</u>	<u>45,477</u>	<u>29,114</u>	<u>54,571</u>	<u>65,338</u>	<u>46,809</u>
<u>26,760,474</u>	<u>27,167,051</u>	<u>26,115,866</u>	<u>23,232,762</u>	<u>19,328,864</u>	<u>14,833,123</u>	<u>14,199,285</u>	<u>11,628,069</u>
31.4%	33.6%	38.5%	38.2%	43.0%	47.4%	45.8%	48.5%
50.9	49.1	51.2	52.7	58.3	55.6	56.9	60.1
46.9	45.7	48.4	49.5	54.8	53.5	53.7	56.4
82.6	77.7	76.0	72.1	70.0	51.5	57.3	67.5
47.0%	45.7%	48.5%	49.5%	54.8%	53.5%	53.7%	56.4%
12.8%	12.9%	14.2%	14.1%	14.9%	13.9%	15.5%	15.7%
24.6%	23.7%	25.6%	25.2%	26.4%	25.2%	27.6%	27.8%
227,842	237,018	237,801	215,983	182,825	139,126	136,645	114,182
<u>472</u>	<u>163</u>	<u>294</u>	<u>393</u>	<u>204</u>	<u>455</u>	<u>670</u>	<u>511</u>
228,314	237,181	238,095	216,376	183,029	139,581	137,315	114,693
<u>98.7%</u>	<u>96.5%</u>	<u>98.0%</u>	<u>98.7%</u>	<u>99.1%</u>	<u>99.3%</u>	<u>99.4%</u>	<u>99.1%</u>
11,948	11,941	13,289	12,396	11,587	8,905	8,681	7,412
<u>36</u>	<u>12</u>	<u>18</u>	<u>33</u>	<u>15</u>	<u>32</u>	<u>33</u>	<u>31</u>
<u>11,984</u>	<u>11,953</u>	<u>13,307</u>	<u>12,429</u>	<u>11,602</u>	<u>8,937</u>	<u>8,714</u>	<u>7,443</u>
4,137,830	4,257,666	4,045,404	3,624,087	3,014,662	2,253,649	2,156,985	1,755,888
<u>9,502</u>	<u>3,360</u>	<u>6,365</u>	<u>6,839</u>	<u>4,138</u>	<u>7,880</u>	<u>8,513</u>	<u>5,813</u>
<u>4,147,332</u>	<u>4,261,026</u>	<u>4,051,769</u>	<u>3,630,926</u>	<u>3,018,800</u>	<u>2,261,529</u>	<u>2,165,498</u>	<u>1,761,701</u>

**Trans World Airlines, Inc.**  
**Airline Operating Statistics — Domestic Operations 1973-1964 (Continued)**

	1973 <sup>a</sup>	1972
<b>Revenue Ton Miles Flown (000)</b>		
Passenger	1,245,711	1,358,087
Cargo		
Mail	74,471	88,488
Express	11,135	11,738
Freight	259,160	261,616
Total	344,766	361,838
Excess Baggage <sup>c</sup>	—	—
Scheduled Service — Total	1,590,477	1,719,925
Charter	23,658	6,375
Total All Services	11,614,135	1,726,300
<b>Payload Factor</b>	42.7%	42.9%
<b>Break-even Payload Factor (Incl. Charter)</b>	42.0%	41.3%
<b>Passenger Revenue Per RPM</b>		
First Class	8.3¢	8.0¢
Coach/Economy	6.0	5.8
Average	6.3	6.1
<b>Cargo Revenue Per RTM<sup>d</sup></b>		
Mail	26.4¢	21.6¢
Express	33.0	30.7
Freight	21.6	20.7
Average	23.0	21.3
<b>Operating Revenue Per RTM (Incl. Charter)</b>	55.0¢	53.2¢
<b>Total Expense Per ATM (Incl. Charter)</b>	23.1¢	22.0¢
<b>Aircraft Utilization</b>		
Revenue Block Hours (Incl. Charter)	513,309	558,624
Nonrevenue Block Hours	11,438	10,331
Aircraft Days	61,212	68,566
Average Revenue Hours Utilized Per Day	8:23	8:09
Average Total Hours Utilized Per Day	8:34	8:18
Jet Aircraft	8:34	8:18
Piston Aircraft	—	—
<b>Fuel Data</b>		
Gallons Consumed (000) <sup>d</sup>	853,400	926,434
Average Price per Gallon	12.5¢	11.3¢

<sup>a</sup>1973 includes 45 days of strike.

<sup>b</sup>1966 includes 43 days of strike.

<sup>c</sup>Baggage included in Revenue Passenger Ton Miles beginning in 1970.

<sup>d</sup>Excludes charter operations.

<sup>e</sup>As reported to CAB.

1971	1970	1969	1968	1967	1966 <sup>b</sup>	1965	1964
<u>1,251,459</u>	<u>1,239,590</u>	<u>1,199,858</u>	<u>1,089,764</u>	<u>1,004,345</u>	<u>751,569</u>	<u>721,171</u>	<u>620,398</u>
86,281	88,081	87,854	82,689	60,321	37,951	32,503	27,557
10,320	13,897	15,574	15,806	15,821	14,171	13,684	12,116
<u>226,595</u>	<u>248,760</u>	<u>239,791</u>	<u>223,166</u>	<u>198,704</u>	<u>158,250</u>	<u>146,856</u>	<u>112,801</u>
<u>323,196</u>	<u>350,738</u>	<u>343,219</u>	<u>321,661</u>	<u>274,846</u>	<u>210,372</u>	<u>193,043</u>	<u>152,474</u>
—	—	3,577	3,469	2,954	2,306	2,713	3,628
1,574,655	1,590,328	1,546,654	1,414,894	1,282,145	964,247	916,927	776,500
5,532	1,788	3,308	3,196	1,959	2,678	3,556	3,003
<u>1,580,187</u>	<u>1,592,116</u>	<u>1,549,962</u>	<u>1,418,090</u>	<u>1,284,104</u>	<u>966,925</u>	<u>920,483</u>	<u>779,503</u>
38.1%	37.4%	38.2%	39.0%	42.5%	42.8%	42.5%	44.2%
38.9%	42.1%	38.8%	40.2%	41.8%	40.6%	39.1%	40.3%
7.7¢	7.2¢	6.9¢	6.6¢	6.5¢	6.7¢	6.8¢	6.7¢
5.7	5.3	5.0	4.9	4.9	5.1	5.3	5.4
5.9	5.6	5.4	5.2	5.2	5.5	5.7	5.8
20.7¢	19.4¢	22.1¢	21.2¢	24.7¢	30.5¢	31.2¢	32.8¢
30.3	30.7	30.1	31.7	30.3	33.8	33.8	36.5
20.0	19.8	18.6	17.5	17.6	18.0	17.9	18.1
20.6	20.1	20.0	19.1	19.9	21.3	21.2	22.2
52.3¢	48.8¢	49.1¢	47.1¢	48.2¢	50.3¢	52.2¢	53.8¢
20.4¢	20.5¢	19.5¢	18.9¢	20.1¢	20.4¢	20.4¢	21.7¢
565,463	601,132	610,827	549,854	464,251	367,889	369,549	325,471
10,788	24,516	21,551	21,217	25,558	21,499	16,312	13,711
69,555	69,140	64,644	55,893	48,653	43,571	48,315	49,214
8.08	8.42	9.27	9.50	9.33	8.27	7.39	6.37
8:17	9:03	9:48	10:13	10:04	8:56	7:59	6:54
8:17	9:03	9:47	10:13	10:12	10:20	9:44	9:27
—	—	—	4:12	3:55	4:27	4:33	4:06
933,837	1,007,923	1,004,884	915,116	794,880	615,955	585,522	488,735
11.1¢	10.5¢	10.4¢	9.7¢	9.7¢	9.7¢	9.9¢	8.1¢

**Trans World Airlines, Inc.**  
**Airline Financial Results — International Operations 1973-1964**  
 (Amounts in Thousands)

	1973 <sup>a</sup>	1972
<b>Operating Revenues:</b>		
Passenger		
First class	\$ 49,723	\$ 52,988
Economy	323,918	321,475
Total	<u>373,641</u>	<u>374,463</u>
Cargo		
Mail	18,800	19,862
Express	—	—
Freight	42,490	43,636
Total	<u>61,290</u>	<u>63,498</u>
Charter		
Military	11,817	20,185
Commercial	33,162	31,751
Total	<u>44,979</u>	<u>51,936</u>
Other	11,844	9,964
Total	<u>491,754</u>	<u>499,861</u>
<b>Operating Expenses:</b>		
Employment costs		
Salaries and wages	154,294	158,104
Employee benefits	31,704	27,266
Total	<u>185,998</u>	<u>185,370</u>
Aircraft fuel <sup>c</sup>	60,097	54,491
Depreciation and amortization	36,535	34,234
Mutual aid — net	(26,441)	1,564
Other	207,263	206,992
Total	<u>463,452</u>	<u>482,651</u>
<b>Other Charges (Credits):</b>		
Interest — net	9,857	9,781
Other — net	168	931
Total	<u>10,025</u>	<u>10,712</u>
<b>Income Before Income Taxes</b>	<u>\$ 18,277</u>	<u>\$ 6,498</u>

<sup>a</sup> 1973 includes 45 days of strike.

<sup>b</sup> 1966 includes 43 days of strike.

<sup>c</sup> Fuel costs as reported to CAB. Does not include oil or demineralized water.

1971	1970	1969	1968	1967	1966 <sup>b</sup>	1965	1964
\$ 43,836	\$ 48,160	\$ 46,961	\$ 33,490	\$ 29,435	\$ 23,016	\$ 22,976	\$ 17,548
<u>274,819</u>	<u>242,577</u>	<u>200,247</u>	<u>163,576</u>	<u>152,299</u>	<u>116,862</u>	<u>127,968</u>	<u>102,789</u>
<u>318,655</u>	<u>290,737</u>	<u>247,108</u>	<u>197,066</u>	<u>181,734</u>	<u>139,878</u>	<u>150,944</u>	<u>120,337</u>
20,630	17,864	16,161	13,111	14,990	12,360	12,433	13,486
—	—	—	—	—	—	—	—
<u>38,081</u>	<u>34,146</u>	<u>29,759</u>	<u>23,262</u>	<u>19,076</u>	<u>14,788</u>	<u>16,280</u>	<u>11,546</u>
<u>58,711</u>	<u>52,010</u>	<u>45,920</u>	<u>36,373</u>	<u>34,066</u>	<u>27,148</u>	<u>28,713</u>	<u>25,032</u>
23,724	17,658	25,570	33,432	30,207	19,512	7,021	5,898
<u>17,104</u>	<u>12,476</u>	<u>11,330</u>	<u>6,958</u>	<u>4,821</u>	<u>4,074</u>	<u>975</u>	<u>979</u>
<u>40,828</u>	<u>30,134</u>	<u>36,900</u>	<u>40,390</u>	<u>35,028</u>	<u>23,586</u>	<u>7,996</u>	<u>6,877</u>
<u>8,567</u>	<u>7,894</u>	<u>7,791</u>	<u>6,953</u>	<u>6,180</u>	<u>5,104</u>	<u>4,818</u>	<u>3,145</u>
<u>426,761</u>	<u>380,775</u>	<u>337,719</u>	<u>280,782</u>	<u>257,008</u>	<u>195,716</u>	<u>192,471</u>	<u>155,391</u>
129,540	125,242	106,655	86,257	77,744	58,222	47,862	40,221
<u>31,410</u>	<u>28,398</u>	<u>14,106</u>	<u>12,596</u>	<u>11,508</u>	<u>6,866</u>	<u>6,747</u>	<u>4,547</u>
<u>160,950</u>	<u>153,640</u>	<u>120,761</u>	<u>98,853</u>	<u>89,252</u>	<u>65,088</u>	<u>54,609</u>	<u>44,768</u>
42,575	39,937	34,389	36,456	27,288	19,604	17,369	13,791
33,037	26,550	20,434	17,495	20,406	17,080	12,220	9,827
375	2,044	368	—	—	(3,621)	976	29
<u>171,663</u>	<u>159,008</u>	<u>120,616</u>	<u>92,532</u>	<u>83,695</u>	<u>66,370</u>	<u>59,860</u>	<u>52,679</u>
<u>408,600</u>	<u>381,179</u>	<u>296,568</u>	<u>245,336</u>	<u>220,641</u>	<u>164,521</u>	<u>145,034</u>	<u>121,094</u>
8,479	6,874	5,722	7,036	5,824	6,213	3,347	3,471
<u>(194)</u>	<u>(3,679)</u>	<u>(1,193)</u>	<u>1,437</u>	<u>(93)</u>	<u>(2,243)</u>	<u>(601)</u>	<u>(2,111)</u>
<u>8,285</u>	<u>3,195</u>	<u>4,529</u>	<u>8,473</u>	<u>5,731</u>	<u>3,970</u>	<u>2,746</u>	<u>1,360</u>
<u>\$ 9,876</u>	<u>\$ (3,599)</u>	<u>\$ 36,622</u>	<u>\$ 26,973</u>	<u>\$ 30,636</u>	<u>\$ 27,225</u>	<u>\$ 44,691</u>	<u>\$ 32,937</u>

Trans World Airlines, Inc.  
Airline Operating Statistics — International Operations 1973-1964

	1973 <sup>a</sup>	1972
<b>Revenue Passenger Miles Flown (000)</b>		
First Class	505,109	605,893
Economy	<u>7,478,477</u>	<u>7,931,834</u>
Scheduled Service — Total	7,983,586	8,537,727
Charter	<u>1,712,162</u>	<u>2,091,147</u>
Total	<u>9,695,748</u>	<u>10,628,874</u>
<b>Available Seat Miles Flown (000)</b>		
First Class	1,456,665	1,596,839
Economy	<u>12,658,042</u>	<u>13,070,059</u>
Scheduled Service — Total	14,114,707	14,666,898
Charter	<u>1,911,332</u>	<u>2,290,565</u>
Total	<u>16,026,039</u>	<u>16,957,463</u>
<b>Passenger Load Factor</b>		
First Class	34.7%	37.9%
Economy	59.1	60.7
Scheduled Service — Average	56.6	58.2
Charter	89.6	91.3
Average — All Services	60.5%	62.7%
<b>Transatlantic Market Share (Pgms.)</b>		
TWA as a percent of IATA	19.6%	21.8%
TWA as a percent of U. S. Flag	47.3%	50.7%
<b>Revenue Plane Miles Flown (000)</b>		
Scheduled Service	71,890	78,127
Charter	<u>12,196</u>	<u>14,944</u>
Total	84,086	93,071
Percent of Scheduled Miles Completed	97.6%	98.2%
<b>Revenue Passenger Enplanements (000)</b>		
Scheduled Service	2,359	2,550
Charter	<u>413</u>	<u>488</u>
Total	<u>2,772</u>	<u>3,038</u>
<b>Available Ton Miles Flown (000)</b>		
Scheduled Service	2,286,724	2,330,529
Charter	<u>287,192</u>	<u>357,095</u>
Total	<u>2,573,916</u>	<u>2,687,624</u>

<sup>a</sup> 1973 includes 45 days of strike.

<sup>b</sup> 1966 includes 43 days of strike

1971	1970	1969	1968	1967	1966 <sup>b</sup>	1965	1964
514,881	568,495	505,067	378,504	325,522	248,688	248,434	186,511
<u>6,270,804</u>	<u>5,634,697</u>	<u>4,402,854</u>	<u>3,371,097</u>	<u>3,083,596</u>	<u>2,291,180</u>	<u>2,385,176</u>	<u>1,869,844</u>
6,785,685	6,203,192	4,907,921	3,749,601	3,409,118	2,539,868	2,633,610	2,056,355
<u>1,576,230</u>	<u>1,409,655</u>	<u>1,578,565</u>	<u>1,651,614</u>	<u>1,522,718</u>	<u>848,209</u>	<u>301,446</u>	<u>256,689</u>
<u>8,361,915</u>	<u>7,612,847</u>	<u>6,486,486</u>	<u>5,401,215</u>	<u>4,931,836</u>	<u>3,388,077</u>	<u>2,935,056</u>	<u>2,313,044</u>
1,670,102	1,722,390	1,305,417	990,281	920,410	658,413	603,412	443,092
<u>12,044,099</u>	<u>10,546,403</u>	<u>8,044,944</u>	<u>6,478,588</u>	<u>5,800,574</u>	<u>4,396,319</u>	<u>4,231,204</u>	<u>3,334,881</u>
13,714,201	12,268,793	9,350,361	7,468,869	6,720,984	5,054,732	4,834,616	3,777,973
<u>1,686,244</u>	<u>1,543,634</u>	<u>1,718,281</u>	<u>1,739,634</u>	<u>1,621,206</u>	<u>925,138</u>	<u>315,361</u>	<u>269,123</u>
<u>15,400,445</u>	<u>13,812,427</u>	<u>11,068,642</u>	<u>9,208,503</u>	<u>8,342,190</u>	<u>5,979,870</u>	<u>5,149,977</u>	<u>4,047,096</u>
30.8%	33.0%	38.7%	38.2%	35.4%	37.8%	41.2%	42.1%
52.1	53.4	54.7	52.0	53.2	52.1	56.4	56.1
49.5	50.6	52.5	50.2	50.7	50.2	54.5	54.4
93.5	91.3	91.9	94.9	93.9	91.7	95.6	95.4
54.3%	55.1%	58.6%	56.7%	59.1%	56.7%	57.0%	57.2%
21.9%	21.3%	21.6%	19.7%	19.3%	16.7%	19.7%	17.5%
49.2%	47.7%	50.5%	46.2%	46.1%	40.8%	46.5%	42.0%
77,006	82,823	71,660	58,218	51,715	38,895	37,457	29,376
<u>12,049</u>	<u>9,782</u>	<u>12,664</u>	<u>13,666</u>	<u>11,361</u>	<u>7,213</u>	<u>2,071</u>	<u>1,689</u>
<u>89,055</u>	<u>92,605</u>	<u>84,324</u>	<u>71,884</u>	<u>63,076</u>	<u>46,108</u>	<u>39,528</u>	<u>31,065</u>
97.5%	98.1%	98.3%	98.6%	99.0%	99.5%	99.5%	99.0%
2,086	1,911	1,532	1,161	1,063	839	893	713
<u>354</u>	<u>300</u>	<u>290</u>	<u>298</u>	<u>268</u>	<u>166</u>	<u>79</u>	<u>70</u>
<u>2,440</u>	<u>2,211</u>	<u>1,822</u>	<u>1,459</u>	<u>1,331</u>	<u>1,005</u>	<u>972</u>	<u>783</u>
2,165,144	1,946,864	1,497,943	1,221,811	1,053,602	795,466	782,875	620,856
<u>291,769</u>	<u>224,611</u>	<u>320,694</u>	<u>357,421</u>	<u>270,110</u>	<u>178,443</u>	<u>47,091</u>	<u>35,710</u>
<u>2,456,913</u>	<u>2,171,475</u>	<u>1,818,637</u>	<u>1,579,232</u>	<u>1,323,712</u>	<u>973,909</u>	<u>829,966</u>	<u>656,566</u>



**Trans World Airlines, Inc.**  
**Airline Operating Statistics — International Operations 1973-1964 (Continued)**

	1973 <sup>a</sup>	1972
<b>Revenue Ton Miles Flown (000)</b>		
Passenger . . . . .	798,359	853,773
Cargo . . . . .		
Mail . . . . .	86,381	87,413
Freight . . . . .	216,724	228,815
Total . . . . .	303,105	316,228
Excess Baggage . . . . .	—	—
Scheduled Service — Total . . . . .	1,101,464	1,170,001
Charter . . . . .	202,557	249,232
Total All Services . . . . .	1,304,021	1,419,233
<b>Payload Factor . . . . .</b>	48.2%	50.2%
<b>Break-even Payload Factor (Incl. Charter) . . . . .</b>	48.8%	52.2%
<b>Passenger Revenue Per RPM</b>		
First Class . . . . .	9.8¢	8.7¢
Economy . . . . .	4.3	4.1
Average . . . . .	4.7	4.4
<b>Cargo Revenue Per RTM</b>		
Mail . . . . .	21.7¢	22.7¢
Freight . . . . .	19.6	19.1
Average . . . . .	20.2	20.1
<b>Operating Revenue Per RTM (Incl. Charter) . . . . .</b>	37.7¢	35.2¢
<b>Total Expenses Per ATM (Incl. Charter) . . . . .</b>	18.4¢	18.4¢
<b>Aircraft Utilization</b>		
Revenue Block Hours (Incl. Charter) . . . . .	180,336	199,109
Nonrevenue Block Hours . . . . .	4,472	5,393
Aircraft Days . . . . .	17,310	19,330
Average Revenue Hours Utilized Per Day . . . . .	10.25	10.18
Average Total Hours Utilized Per Day . . . . .	10.41	10.35
Jet Aircraft . . . . .	10.41	10.35
Piston Aircraft . . . . .	—	—
<b>Fuel Data</b>		
Gallons Consumed (000) <sup>c</sup> . . . . .	453,076	490,231
Average Price Per Gallon . . . . .	13.3¢	11.1¢

<sup>a</sup>1973 includes 45 days of strike.

<sup>b</sup>1966 includes 43 days of strike.

<sup>c</sup>As reported to CAB.

1971	1970	1969	1968	1967	1966 <sup>D</sup>	1965	1964
<u>678,587</u>	<u>620,318</u>	<u>494,581</u>	<u>377,799</u>	<u>343,353</u>	<u>255,852</u>	<u>265,224</u>	<u>207,034</u>
90,323	81,499	72,166	58,829	44,842	34,115	33,281	30,225
<u>201,040</u>	<u>187,358</u>	<u>177,093</u>	<u>135,279</u>	<u>108,760</u>	<u>83,937</u>	<u>85,242</u>	<u>51,385</u>
<u>291,363</u>	<u>268,857</u>	<u>249,259</u>	<u>194,108</u>	<u>153,602</u>	<u>118,052</u>	<u>118,523</u>	<u>81,610</u>
—	—	2,789	2,881	2,310	2,230	2,204	1,012
969,930	889,175	746,629	574,788	499,265	376,134	385,951	289,656
<u>209,766</u>	<u>154,350</u>	<u>212,954</u>	<u>237,869</u>	<u>183,612</u>	<u>113,491</u>	<u>33,909</u>	<u>26,191</u>
<u>1,179,686</u>	<u>1,043,525</u>	<u>959,583</u>	<u>812,657</u>	<u>682,877</u>	<u>489,625</u>	<u>419,860</u>	<u>315,847</u>
44.8%	45.7%	49.8%	47.0%	47.4%	47.3%	49.3%	46.7%
46.9%	48.6%	47.1%	46.2%	45.4%	43.3%	38.9%	37.9%
8.5¢	8.5¢	9.3¢	8.8¢	9.0¢	9.3¢	9.2¢	9.4¢
4.4	4.3	4.5	4.9	4.9	5.1	5.4	5.5
4.7	4.7	5.0	5.3	5.3	5.5	5.7	5.9
22.8¢	21.9¢	22.4¢	22.3¢	33.4¢	36.2¢	37.4¢	44.6¢
18.9	18.2	16.8	17.2	17.5	17.6	19.1	22.5
20.2	19.3	18.4	18.7	22.2	23.0	24.2	30.7
36.2¢	36.5¢	35.2¢	34.8¢	37.6¢	40.0¢	45.8¢	49.2¢
17.0¢	17.7¢	16.6¢	16.0¢	17.1¢	17.3¢	17.9¢	18.7¢
190,689	201,008	183,520	155,796	135,246	99,683	86,150	68,498
4,840	2,366	1,291	1,252	1,524	6,923	3,933	3,180
19,110	17,594	15,331	12,907	11,225	9,529	8,440	7,306
9:59	11:25	11:58	12:04	12:03	10:28	10:12	9:23
10:14	11:34	12:03	12:10	12:11	11:11	10:40	9:49
10:25	11:47	12:20	12:30	12:33	11:53	11:34	10:52
0:54	0:58	0:38	0:52	1:19	2:44	2:55	3:04
451,667	421,241	369,408	318,174	287,599	211,580	183,798	149,077
9.4¢	9.5¢	9.3¢	11.5¢	9.5¢	9.3¢	9.5¢	9.3¢

**Trans World Airlines, Inc.**  
**TWA's All-Jet Fleet**

	Actual as of December 31		Additions/(Retirements)			Total
	1972	1973	1974	1975	1976	
Lockheed 1011 . . . . .	6	14	11	8	0	33
Boeing 747 . . . . .	19	19	0	0	0	19
Boeing 707 (Passenger) . . . . .	90	90	(1)	0	0	89
Boeing 707 (Cargo) . . . . .	13	13	0	0	0	13
Boeing 727 . . . . .	72	72	3	6	8	89
Convair 880 . . . . .	25	25	(25)	0	0	0
Douglas DC-9 . . . . .	19	19	0	0	0	19
Total . . . . .	244	252	(12)	14	8	262

**Worldwide Cities**

**United States (43 cities):**

Albuquerque, Amarillo, Atlanta,  
 Baltimore, Boston, Chicago, Cincinnati,  
 Cleveland, Columbus, Dayton, Denver,  
 Detroit, Guam, Harrisburg, Hartford/  
 Springfield, Honolulu, Indianapolis,  
 Kansas City, Las Vegas, Los Angeles/  
 Ontario, Louisville, Miami/Fort Lauderdale,  
 Nashville, Newark, New York, Oakland,  
 Oklahoma City, Philadelphia, Phoenix,  
 Pittsburgh, St. Louis, San Francisco/  
 San Jose, Tampa/St. Petersburg/  
 Clearwater, Tucson, Tulsa,  
 Washington, D.C., Wichita.

**Europe, Africa, Middle East (14 cities):**

Athens, Cairo, Frankfurt, Geneva, Lisbon,  
 London, Madrid, Milan, Paris, Rome,  
 Santa Maria (Azores), Shannon,  
 Tel Aviv, Zurich.

**Far East (5 cities):**

Bangkok, Bombay, Hong Kong,  
 Okinawa, Taipei.

**New Cities to be Served in 1974:**

Malaga, Dublin.

## Glossary of Terms

**Available Seat Miles:** The aggregate of the products of the aircraft miles flown on each inter-airport hop multiplied by the number of seats available on that hop, representing the total passenger-carrying capacity offered.

**Available Ton Miles:** The aggregate of the products of the aircraft miles flown on each inter-airport hop multiplied by the available aircraft capacity (tons) for that hop, representing the traffic-carrying capacity offered.

**Block Hours:** The elapsed time (in hours and minutes) consumed between the removal of the blocks or chocks about the wheels of an aircraft after starting the engines and their placement when the aircraft comes to rest after a flight.

**Break-Even Payload Factor:** The payload factor multiplied by the ratio of expenses to revenues, indicating the percentage of available revenue capacity that must be sold in order to break even at a given level of operations.

**Charter Revenues:** Revenues from nonscheduled air transport services in which the party receiving the transportation obtains exclusive use of an aircraft and the remuneration paid by such party accrues directly to, and the responsibility for providing transportation is that of the accounting air carrier.

**Coach/Economy Passenger Revenues:** Revenues from the air transportation of passengers at fares and quality of service below first-class service.

**First-Class Passenger Revenues:** Revenues from the air transportation of passengers at standard fares, premium fares, or at reduced fares such as family plan and first-class excursion for whom standard or premium quality services are provided.

**Freight Revenues:** Revenues from the transportation by air of property other than express, mail, or passenger baggage. These revenues are predominantly from individually-waybilled shipments carried in scheduled service.

**Operating Revenues:** Revenues from the performance of air transportation and related incidental services.

**Passenger Load Factor:** The percent that revenue passenger miles are of available seat miles in revenue passenger services, representing the proportion of aircraft seating capacity that is actually sold and utilized.

**Passenger Yield:** The average revenue derived per revenue passenger mile for a specified class of service.

**Payload Factor:** The percent that revenue ton miles are of available ton miles in revenue service, representing the proportion of the aircrafts' tonnage capacity that is actually sold and utilized.

**Revenue Passenger Enplanements:** The count of the total number of revenue passengers boarding aircraft, including originating, stopover, and transfer passengers.

**Revenue Passenger Mile:** One revenue passenger transported one mile in revenue service. Revenue passenger miles are computed by summation of the products of the revenue aircraft miles flown on each inter-airport hop multiplied by the number of revenue passengers carried on that hop.

**Revenue Plane Miles Flown:** The total aircraft miles flown in revenue service.

**Revenue Ton Mile:** One ton of revenue traffic transported one mile.

**Scheduled Aircraft Miles Completed:** The aircraft miles performed on scheduled flights, computed solely between those scheduled points actually served.

**Scheduled Service:** Transport service operated over an air carrier's certificated routes, based on published flight schedules, including extra sections and related nonrevenue flights.

IN RESPONSE TO QUESTION NUMBER 7

TWA files with the Civil Aeronautics Board statement of source and application of funds on schedule B-12 of our regular CAB Form 41 filing. The schedules are provided for the past five years as well as schedules filed for the first nine months of 1974. TWA load factors are shown in our response to question number 6.

We are unable to provide projected cash flows for the next five years.

Air Carrier Trans WorldQuarter Ended September 30, 1974

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (WORKING CAPITAL)

Sources:			
Operations			
1	Net Income	30,605,540	1
Add nonfund charges:			
2	Depreciation	25,019,218	2
3	Amortization	738,293	3
4	Deferred Federal Income Taxes	10,731,801	4
5	Deferred investment tax credits	5,364,000*	5
6	Other nonfund items	1,589,351*	6
7	Total from operations	60,141,501	7
8	Retirement of property and equipment	7,428,606	8
9	Investments and special funds	-	9
10	Long-term debt incurred	11,130,691	10
11	Capital stock issued	1,365,804	11
12	Other sources	664,885	12
13	Net decrease in working capital	24,488,583	13
14	Total sources of funds	105,220,070	14
Applications:			
15	Acquisition of property and equipment	31,096,976	15
16	Investments and special funds	3,946,736	16
17	Repayment or reacquisition of long-term debt	23,280,693	17
18	Dividends declared (other than stock dividends)	1,048,088	18
19	Other applications	45,847,577 (1)	19
20	Net increase in working capital	-	20
21	Total applications of funds	105,220,070	21

GPO 506-344

Schedule B-12

CAB Form 41

\*Denotes inverse amount.

(1) See attached supplement.

TRANS WORLD AIRLINES, INC.Quarter Ended September 30, 19741/ Other Applications

Decrease in revolving credit notes - net	\$40,000,000
Other deferred charges	2,845,915
Other noncurrent liabilities	2,382,075
Other deferred credits	512,107
Unamortized discount and expense on debt	<u>107,480</u>
	<u>\$45,847,577</u>

CAB Schedule B-12 Supplement

Air Carrier Trans World

Quarter Ended June 30, 1974#

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (WORKING CAPITAL)

Sources		
Operations		
1	Net income	21,476,909
Add nonfund charges:		
2	Depreciation	23,393,977
3	Amortization	729,810
4	Deferred Federal Income Taxes	4,493,801
5	Deferred investment tax credits	2,245,000 *
6	Other nonfund items	4,137,249 *
7	Total from operations	43,712,248
8	Retirement of property and equipment	17,854,997
9	Investments and special funds	44,050,593
10	Long-term debt incurred	102,349
11	Capital stock issued	1,326,273
12	Other sources	4,647,329
13	Net decrease in working capital	-
14	Total sources of funds	111,693,789
Applications:		
15	Acquisition of property and equipment	32,276,475
16	Investments and special funds	-
17	Repayment or reacquisition of long-term debt	1,726,749
18	Dividends declared (other than stock dividends)	-
19	Other applications	66,948,895 1/
20	Net increase in working capital	10,741,670
21	Total applications of funds	111,693,789

C.P.D. 808 344

Schedule B-12

CAB Form 41

\*Denotes inverse amount.

1/ See attached supplement.

# Revised September 30, 1974



TRANS WORLD AIRLINES, INC.Quarter Ended June 30, 19741/ Other Applications

Decrease in revolving credit notes - net	\$60,000,000
Other deferred charges	3,968,627
Long-term prepayments	2,672,683
Developmental and preoperating costs	306,650
Advance from nontransport divisions	<u>935</u>
	<u>\$66,948,895</u>

CAB Schedule B-12 Supplement

Page 1 of 2

Air Carrier Trans WorldQuarter Ended March 31, 1974

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS (WORKING CAPITAL)

Sources:			
Operations			
1	Net income	47,258,017.78*	1
Add nonfund charges:			
2	Depreciation	25,886,388.59	2
3	Amortization	718,305.00	3
4	Deferred Federal Income Taxes	31,860,000.00*	4
5	Deferred investment tax credits	15,930,000.00	5
6	Other nonfund items	782,859.40*	6
7	Total from operations	37,366,183.59*	7
8	Retirement of property and equipment	1,576,325.86	8
9	Investments and special funds	19,659,577.65	9
10	Long-term debt incurred	12,768,442.79	10
11	Capital stock issued	1,934,820.69	11
12	Other sources	52,975,345.25 <sup>1</sup>	12
13	Net decrease in working capital	35,202,254.30	13
14	Total sources of funds	86,750,582.95	14
Applications:			
15	Acquisition of property and equipment	84,307,179.75	15
16	Investments and special funds	-	16
17	Repayment or reacquisition of long-term debt	1,264,211.33	17
18	Dividends declared (other than stock dividends)	524,048.00	18
19	Other applications	655,143.87	19
20	Net increase in working capital	-	20
21	Total applications of funds	86,750,582.95	21

Schedule B-12

G.P. 956-344

CAR Form 41

\*Denotes inverse amount.

<sup>1</sup>/See attached Supplement.

TRANS WORLD AIRLINES, INC.  
Quarter Ended March 31, 1974

1) Other Sources:

Increase in revolving credit notes - net	\$50,000,000.00
Long-term prepayments	1,466,494.82
Other deferred credits	1,220,506.06
Other deferred charges	243,748.71
Unamortized discount and expense on debt	43,832.60
Advances from nontransport divisions	763.06
	<u>\$52,975,345.25</u>

	1972	1971	1970	1969	1968	1967	1966
<b>Funds Provided by</b>							
Operations							
Net income (loss)	\$ 41,078	\$ 3,254	\$ (63,594)	\$ 19,884	\$ 21,537	\$ 40,770	\$ 34,718
Undistributed earnings of Hilton International Co. and nonsubsidiary companies	(6,074)	(4,963)	(5,151)	(5,330)	(5,452)	(4,868)	(3,631)
Deferred income tax adjustment	10,550	(1,819)	(26,631)	14,876	8,169	10,953	8,169
Depreciation and amortization	107,565	112,024	108,142	96,361	83,259	89,850	72,712
Net book value of property and equipment retired	(10,706)	25,602	9,173	6,341	1,611	7,016	461
Net from operations	185,825	134,498	22,022	119,630	115,831	143,731	112,425
Purchases (disposals) of property and equipment	—	31,668	79,955	28,521	41,296	—	—
Refund (takeover) of SST aircraft research and development payments	—	11,500	—	(11,500)	(11,500)	—	—
Gain (loss) on sale of property and equipment	14,041	(1,071)	13,371	(39,822)	6,661	234	83
Gain (loss) on sale of investments — other	29,512	(1,071)	8,295	27,457	17,707	(1,065)	(3,324)
Decrease (increase) in accounts receivable	7,106	(2,111)	26,116	18,908	1,253	5,160	4,089
Increase (decrease) in accounts payable and customer deposits	(1,342)	4,274	2,775	389	(1,230)	(571)	511
Increase (decrease) in deferred credits — other	(1,033)	10,078	75	—	—	—	—
Increase in revolving credit notes — net	34,350	—	76,280	—	62,000	—	22,000
Long term debt issued	70,168	24,530	1,259	245,612	843	202,900	97,100
Capital stock issued	4,884	44,665	3,849	7,698	7,494	7,227	6,973
Total	327,322	265,466	234,048	416,493	233,180	367,596	238,841
<b>Funds Used for</b>							
Capital expenditures	116,102	86,248	147,130	119,592	34,005	149,423	125,320
Flight equipment additions less advance payments applied	36,700	20,691	55,688	32,986	21,035	24,028	15,123
Other property and equipment additions	152,802	115,939	207,818	152,578	55,040	140,443	140,443
Total property and equipment	87,842	27,637	69,774	91,776	52,683	173,451	52,683
Advance deposits for aircraft on order	240,614	143,576	272,592	244,254	187,002	225,867	193,126
Total capital expenditures	249,999	20,132	27,573	23,986	32,855	14,606	14,606
Increase (decrease) in receivables	14,575	1,230	8,195	1,390	5,289	15,237	15,237
Increase (decrease) in spare parts, materials and supplies	2,625	749	(1,943)	4,155	1,635	2,843	1,635
Increase (decrease) in other current assets	4,600	15,793	5,996	4,155	2,864	2,864	1,795
Increase (decrease) in long term investments — net	—	—	—	—	—	—	—
Decrease (increase) in revolving credit notes — net	25,083	22,856	22,576	36,640	2,281	2,365	1,086
Dividends paid — preferred stock	4,193	—	2,014	20,672	—	27,000	—
Total	321,826	265,676	337,003	338,737	261,198	307,637	238,101
<b>Increase (Decrease) in Cash and Temporary Cash Investments for the Year</b>	<b>496</b>	<b>(158)</b>	<b>(102,955)</b>	<b>77,756</b>	<b>(28,008)</b>	<b>49,949</b>	<b>1,840</b>
<b>Cash and Temporary Cash Investments at:</b>							
Beginning of year	42,330	42,488	145,443	67,687	95,685	45,746	43,936
End of year	\$ 42,826	\$ 42,330	\$ 42,488	\$ 145,443	\$ 67,687	\$ 95,685	\$ 45,746

Attachment 9IN RESPONSE TO QUESTION NUMBER 8

The attached document lists TWA's aircraft purchases and leases and other financial data concerning these aircraft which was requested.

[The attached copies of schedule B-7 of TWA's Form 41 submissions to the CAB are omitted.]

Attachment 10IN RESPONSE TO QUESTION NUMBER 9

The attached describes TWA's existing outstanding contracts for the purchase of airplanes. TWA has no present plans for other purchases of aircraft not now covered by the existing contracts.

TRANS WORLD AIRLINES, INC.  
FLIGHT EQUIPMENT COMMITMENTS AND RELATED DATA  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 1974  
(Dollars in Thousands)

Aircraft Type	Estimated Delivery	Number of		Total Contract Price	Account 1550	
		Airframes	Engines		Equipment Deposits	Capitalized Interest
Lockheed L-1011: Firm Order	4th Quarter 1974	2	6			
	1st Quarter 1975	2	6			
	2nd Quarter 1975	6	18			
Total Firm Orders		10	30	\$153,317	\$77,028	\$ 2,469
Option Aircraft	(1)	11	-	-	8,140	166
Total Lockheed L-1011		21	30	153,317	85,168	2,635
Boeing 727-231: Firm Orders	4th Quarter 1976	6	18			
	3rd Quarter 1977	2	6			
	4th Quarter 1977	6	18			
		14	42	130,858	6,084	426
Option Aircraft	(1)	17	-	-	510	44
Total Boeing 727-231		31	42	130,858	6,594	470
Spare Flight Equipment and Allied Inventory		-	-	42,828	-	-
Totals		52	72	\$327,003	\$91,762	\$ 3,105

(1) To be determined upon exercise of options.

(2) RB211 Engines.

(3) JT8D9 Engines.

Schedule B-2  
Supplement

IN RESPONSE TO QUESTION NUMBER 10

The salaries, bonuses and any other compensation paid to TWA's ten highest paid executives for the past five years are included in the following pages. TWA regularly files this information with the Civil Aeronautics Board in CAB Form 41, schedule G-42. These reports show compensation of general officers and directors receiving \$50,000 or more annually. These reports have been published in Aviation Daily, copies of which for the last five years are enclosed in response to your inquiry.

# **AVIATION DAILY**

May 15, 1974

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## **G-42 REPORTS**

Airlines have filed with CAB schedule G-42 reports as part of their annual form 41 filings. These reports show 1973 compensation of general officers and directors receiving \$50,000 or more annually for trunk or \$35,000 or more for other carriers.

### **UNITED AIR LINES, INC.**

**OFFICERS:** W.E. Alberts, VP-Systems Operations Services, \$54,250; M.W. Ashby, VP-Flight Operations-Eastern Division, \$79,500; R.E. Bruno, Director & Senior VP-Finance, \$73,750; E.E. Carlson, President & Chief Executive Officer, \$168,750; J.R. Cottle, VP-Flight Operations-Western Division, \$79,500; A.M. de Vourney, Director & Senior VP-Corporation Planning, \$83,750; R.F. Donney, VP-Marketing-Central Division, \$57,000; W.E. Dunkle, Senior VP-Flight Operations, \$84,500; E.O. Fennell, Secretary of Corporation, \$69,375; R.T. Gleson, Jr., VP-System Maintenance Services, \$60,000; J.J. Hartigan, Senior VP-General Manager Western Division, \$52,000; G.J. Kidera, M.D., VP-Medical Services, \$84,250; C.F. Luther, VP-Systems Personnel, \$76,750; R.L. Mangold, Director & Executive VP-Marketing, \$78,750; H.G. Mayes Jr., VP-Flight Technical Services, \$79,500; C.F. McErlan, Director, Executive VP & Chief Operations Officer, \$122,500; D.C. Meenan, VP-Facilities & Property, \$51,500; H.J. Moirano, Senior VP & General Manager-Central Division, \$60,000; M.D. Moore, Senior VP-External Affairs, \$58,750; R.H. Robertson, VP & Treasurer, \$50,750; A.J. Schoepf, VP-Marketing-Eastern Division, \$51,875; J.D. Smith, VP-Fight Safety-Industry Affairs, \$81,375; L.L. Treese, VP-Fight Operations-Central Division, \$78,500; M. Whitlock, Director & Senior VP-Maintenance Operations, \$83,750; P.A. Wood, Senior VP & General Manager-Eastern Division, \$68,750.

TOTAL - \$1,858,378

**DIRECTORS:** Curtis Barkes; Richard P. Cooley; Gardner Cowles; Justin Dart; William E. Dunkle; Lynn P. Himmelman; William N. Jenkins; Simon E. Knudsen; Charles F. Luce; Byron J. Nichols; Lauris Norstad; Nicholas R. Petry; Robert D. Stuart, Jr.; Edward E. Carlson; Charles F. McErlan; Robley L. Mangold; Raxford E. Bruno; Andrew M. de Vourney.

**SECURITIES OWNED:** Curtis Barkes, common, 5,000; Richard P. Cooley, common, 683; Justin Dart, common, 10,000; L.P. Himmelman, series A preferred, 103,583; William N. Jenkins, common, 2,000; Simon E. Knudsen, common, 1,000; Charles F. Luce, common, 6,000; Byron J. Nichols, common, 400; Lauris Norstad, common, 260; Nicholas R. Petry, common, 3,000; Robert K. Stuart Jr., common, 900; Gardner Cowles, Edward E. Carlson, series A preferred, 104,900; Irvin E. Williamson, common, 300; R.H. Robertson, common, 1,008; Irving Roth, common, 500; Norbert E. Krogel, E.O. Fennell, common, 430; R.H. Carter, common, 226; P.J. Hogan, common, 100; R.E. Williams, common, 15.

Management personnel receiving \$50,000 or less - 41, total \$1,612,873. Total salary of officers and directors (\$3,521,782).

Holding more than 5% of stock - All United Air Lines stock is owned by UAL, Inc. Total 200 shares.

### **AMERICAN AIRLINES, INC.**

**OFFICERS:** G.A. Spatter, Chairman & Director, \$150,000; G.A. Warde, President, \$125,000; J.B. Anderson, Executive VP, \$76,000; O.J. Lloyd Jones, Executive VP-Operations, \$90,000; O.A. Becker, Senior VP-Freight Marketing, \$53,750; C.S. Collins, Senior VP-Public Affairs, \$42,300; R.L. Grandall, Senior VP-Finance, \$49,583; G.E. Overbeck, Senior VP-Administration, \$58,750; W.D. Steward Jr., Senior VP-Economic Planning, \$46,540; J.K. Kilcarr, VP & Controller, \$60,000; T.M. Melden, VP-Flight, \$60,000; T.J. Ross Jr., VP & Sales Manager, \$55,000; R.F. Lambert, VP, \$50,079; K.L. Meinen, VP-Chicago, \$55,000; W.G. Woodward, VP-Dallas/Fort Worth, \$57,600; H.B. Benninghoff, Assistant VP-Flight Training/Procedures, \$55,000.

TOTAL - \$1,234,842

**DIRECTORS:** (Other than Officers) J.W. Aston; G.T. Azcaraga; R.M. Bease; C.L. Burgess; F.H. Burr; W.W. Candy Jr.; T.S. Carroll; A.G. Carter Jr.; C.T. Fisher III; M. Fleischmann; J.O. Letrich; C.D. Perkins; M. Sadler; E.F. Williams Jr.

Management personnel receiving \$50,000 or less - 78, total \$2,681,024. Total salary of officers and directors (\$4,110,603).

Holding more than 5% of stock - Kane & Company, 387,008; Cede & Company, 4,262,876.

### **EASTERN AIR LINES, INC.**

**OFFICERS:** W.G. Bell, Staff VP-Legal & Assistant Secretary, \$43,474; bonus, \$8,052; \$51,526; F. Bonner, Senior VP-Operations Group, \$72,247; bonus, \$30,000; \$1,100; \$103,733; F.F. Davis, VP-Engineering & Maintenance, \$61,750; M. Ehrlich, VP-Marketing Research & Planning, \$42,571; bonus, \$12,597; \$55,168; M.J. Fanella, VP-Operational Coordination, \$60,487; bonus, \$23,638; \$84,125; F.O. Hall, Chairman of the Board & President, \$140,875; bonus, \$100,000; \$3,100; Payment deferred, \$20,000; \$263,975; C.F. Hamner, Division VP-Flight Standards & Training, \$59,279; bonus, \$876; \$59,954; W.G. Harlan, Senior VP, \$78,507; bonus, \$32,929; \$1,300; \$112,738; F.M. Heintzman, VP-Computer Sciences, \$48,588; bonus, \$17,672; \$54,260; W.R. Howard, Senior VP-Director, \$82,500; bonus, \$96,250; \$2,100; \$180,350; W.R. Howard, Senior VP-Industrial & Personnel Relations, \$57,600; bonus, \$20,028; \$77,528; M.L. Kelley, VP-Marketing Services, \$53,659; bonus, \$18,214; \$69,873; W.R. Krepling Jr., VP & Chief Pilot, \$67,500; bonus, \$11,134; \$68,834; D.B. Kunster, VP-

Schedules & Airline Planning, \$48,462; bonus, \$15,239; \$63,701; G.A. Lyall, Regional VP, \$55,468; bonus, \$7,163; \$62,631; J.R. Lynch, Senior VP-Finance, \$96,805; bonus, \$29,572; \$96,377; T.B. McEadon, Senior VP-Marketing Group, \$78,100; bonus, \$32,671; \$1,200; \$111,877; R.F. Moore, Division VP, \$50,462; bonus, \$4,772; \$59,934; R.L. Ray, VP-Sales & Service, \$45,030; bonus, \$6,568; \$50,518; J. Rinehart, Senior VP, \$53,507; bonus, \$12,227; \$65,734; R.R. Rheinbark, Division VP, \$58,731; bonus, \$8,373; \$67,104; C.J. Simons, Executive VP, \$93,633; bonus, \$78,313; \$2,300; \$174,246; R.H. Skinner, Senior VP-Industry Affairs, \$69,350; bonus, \$25,737; \$95,087; S.E. Smickzo, VP & Treasurer, \$40,963; bonus, \$9,462; \$50,425; D.D. Taylor, Senior VP-Government Affairs, \$61,423; bonus, \$300; payment deferred, \$18,323; \$50,646; T.J. Richert, VP, \$50,568; bonus, \$20,565; \$71,173.

TOTAL - \$2,302,663

**DIRECTORS:** H.H. Bassett; R.C. Damon; J.A. Elkins, Jr.; R.L. Gilpatrick; S.L. Higginbottom; J. McCormack; C.N. Phalen; W.W. Posner; W.W. Prince; B.A. Schriever; E.D. Smith; H. Woodward.

Management personnel receiving \$50,000 or less - 42, total \$1,596,765

Total salary of officers and directors (\$3,819,129)

Holding more than 5% of capital stock - Cede & Company, 7,123,042; Kane & Company, 68,901; Lerche & Company, 695,100.

### **TRANS WORLD AIRLINES**

**OFFICERS:** John E. Brady, VP-Consumer Products, \$55,223; bonus, \$2,257; \$53,480; Melvin A. Brenner, VP-Marketing planning, \$58,543; bonus, \$18,187; \$5,801; \$83,198; Donald M. Casey, VP-Advertising & Marketing Programs, \$45,998; bonus, \$7,578; \$5,265; \$58,841; Blaine M. Cooke, Senior VP-Marketing, Director, \$78,150; bonus, \$37,891; \$6,214; payment deferred, \$1,074; \$123,329; David J. Crombie, VP-Industrial Relations, \$54,412; bonus, \$15,763; \$5,740; \$75,815; Raymond R. Fletcher, VP & General Counsel, \$48,763; bonus, \$129; \$5,501; payment deferred, \$17,436; \$71,849; James E. Frankum, VP-Fight Operations, \$74,158; bonus, \$63; \$6,008; payment deferred, \$8,448; \$88,717; Gordon L. Gilmore, VP-Public Affairs, \$43,393; bonus, \$10,610; \$2,262; \$52,265; Alfred E. Jordan, VP-Technical Affairs, \$59,374; bonus, \$12,227; \$6,009; payment deferred, \$12,125; \$89,734; Matthew J. Kennedy, VP-Special Services, \$48,835; bonus, \$18,187; \$4,506; \$71,228; C. Edwin Meyer, Jr., Senior VP-Finance, Director, \$71,792; \$17,657; \$6,261; \$95,710; Howard C. Miller, VP-Commercial Food Operations, Director, William J. Neff, VP-Technical Services, \$47,248; bonus, \$5,501; \$52,749; Patrick L. O'Malley, Senior VP-Commercial Food Services, Director, Daniel P. Reid, VP-Sales and Services, \$56,280; bonus, \$7,275; \$6,008; \$70,063; Robert W. Rummel, VP-Technical Development, \$46,774; bonus, \$15,156; \$3,510; \$65,440; Frank L. Salizono, VP & Treasurer, \$44,587; bonus, \$9,720; \$4,759; \$51,491; L. Edgyn Smart, Senior VP-Corporate Affairs, Director, \$82,435; bonus, \$60,625; \$6,641; \$149,701; Wallace J. Smith, VP-Marketing Administration, \$54,234; bonus, \$18,794; \$3,510; \$76,538; Thomas K. Taylor, VP-Government Affairs, \$54,498; bonus, \$20,813; \$4,017; \$79,129; Charles C. Tillinghast, Jr., Chairman of the Board & Chief Executive Officer, Director, \$134,373; bonus, \$27,664; \$7,003; payment deferred, \$70,469; \$29,529; Forwood C. Wiser, President & Chief Operating Officer, Director, \$130,591; bonus, \$80,625; \$6,876; payment deferred, \$20,000; \$218,092.

TOTAL - \$1,885,678

**DIRECTORS:** Patricia J. Carry; Lester Crown; Jack R. Howard; Charles N. Kimball; Jewell Lefontant; Barry T. Leithard; Robert M. McKinney; David Packard; Emmet J. Rice; Charles H. Sommer, Jr.; Charles B. Thornton; Holmes P. Tuttle; Jack Valenti.

Management personnel receiving \$50,000 or less - 5, total \$226,758.

Total salary of officers and directors (\$2,142,037).

Holding more than 5% of capital stock - Cede & Company, 2,067,466;

Citrus & Company, 793,897; Kane & Company, 378,235.

### **TEXAS INTERNATIONAL AIRLINES**

**OFFICERS:** James W. Arpey, VP-Technical Services, \$35,583; Robert J. Carney, Executive VP-Planning & Development, \$44,583; Floyd E. Carpenter, VP-Operations, \$45,146; Robert D. Gallwey, Executive VP-System Manager & Director, \$47,556; Francisco A. Lorenzo, President & Director, \$56,583.

TOTAL - \$229,451

**DIRECTORS:** Donald E. Benson; Peter G. Brooks; Paul R. Christen; Robert Garrett; I.H. Handmaker; A. Thomas Hickey; Carl R. Pohlad; Howard P. Swanson; Howard Wolf.

Management personnel receiving \$35,000 or less - 8, total \$208,465.

Total salary of officers and directors (\$493,066).

Holding more than 5% of capital stock - Jet Capital Corporation, 2,040,000; Minnesota Enterprises, Inc., 404,600.

\* Directors listed are those other than officers.

Bonuses listed come from the G-42 item listed "Bonuses and Other."



# AVIATION

May 15, 1973

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## G-42 REPORTS

Airlines have filed with CAB schedule G-42 reports as part of their form 41 filings. These reports show 1972 compensation and expenses of all general officers and directors receiving \$20,000 or more annually. Stock holdings are also listed.

### TRANS WORLD AIRLINES

**DIRECTORS:** Charles C. Tillinghast, Jr., Chm. & Chief Executive Officer, Director, \$127,303, bonus, \$145,533, exp., \$2,347, common, 11,709; Forwood C. Wiser, Jr., Pres. & Chief Operating Officer, Director, \$123,789, bonus, \$149,175, exp., \$3,456, common, 200; Blaine Cooke, Sr. VP-Marketing, Director, \$81,667, bonus, \$92,491, exp., \$6,888, common, 100; C. Edwin Meyer, Jr., Sr. VP-Finance, Director, \$67,800, bonus, \$71,070, exp., \$2,791, common, 1,800; L. Edwin Smart, Sr. VP-Corporate Affairs, Director, \$84,500, bonus, \$100,912, exp., \$5,423, common, 3,115, warrants, 5,500; Lester Crown, exp., \$1,154, common, 1,323, preferred, 2,405; Arthur J. Goldberg, exp., \$2,325; Jack R. Howard, exp., \$3,590, common, 200; Charles N. Kimball, exp., \$4,789, common, 100; Jewel S. Lafontant, exp., \$2,608; Barry T. Leithead, exp., \$2,366, common, 127; Hughston M. McInnis, exp., \$1,180; Robert M. McKinney, exp., \$4,679, common, 500; David Packard, exp., \$2,018, common, 1,000; Ben-Fleming Sessel, exp., \$959, common, 200; Charles H. Sommer, Jr., exp., \$2,645; Charles B. Thornton, exp., \$3,202, common, 100; Holmes P. Tuttle, exp., \$2,402, common, 1,000; Jack Valenti, exp., \$3,905, common, 100.

**OFFICERS:** Melvin A. Brenner, VP-Marketing Planning, \$55,133, bonus, \$54,172, exp., \$6,522; R.L. Crandall, VP & Controller, \$38,658, bonus, \$49,381, exp., \$2,449, common, 15; David J. Crombie, VP-Industrial Relations, \$56,000, bonus, \$68,731, exp., \$4,230, common, 100; Raymond R. Fletcher, Jr., VP-General Counsel, \$48,500, bonus, \$76,958, exp., \$2,318; J.E. Frankum, VP-Flight Operations, \$72,500, bonus, \$79,100, exp., \$2,868, common, 770; Gordon L. Gilmore, VP-Public Relations, \$50,000, bonus, \$68,700, exp., \$3,209, common, 2,707; A.E. Jordan, VP-Technical Services, \$62,500, bonus, \$48,187, exp., \$1,531, common, 1,200; Matthew J. Kennedy, VP-Special Services, \$50,750, bonus, \$56,500, exp., \$9,107; Donald C. Logan, Corporate Secretary, \$29,167, bonus, \$11,766, exp., \$954; Daniel P. Reid, VP-Sales & Services, \$56,050, bonus, \$73,339, exp., \$13,908, common, 1,582; Robert W. Rummel, VP-Technical Development, \$48,000, bonus, \$48,325, exp., \$3,444, common, 3,590; Frank L. Salizzoni, VP & Treasurer, \$1,625, bonus, \$36,540, exp., \$2,694; W.J. Smith, VP-Advertising & Marketing Programs, \$56,050, bonus, \$47,259, exp., \$5,033; Curt R. Strand, VP-Hotel Operations; Thomas A. Taylor, VP-Government Affairs, \$62,000, bonus, \$74,050, exp., \$3,974, common, 2,850; Floyd M. Wilkerson, VP-Systems & Data Services, \$41,625, bonus, \$35,016, exp., \$2,084, common, 2; T.E. Woods, VP & Controller, \$8,887, exp., \$1,083.

Management personnel receiving \$20,000 or more: 753. Total \$20,681,994. Upper limit \$67,917. Lower limit \$20,005.

Not included in the report is a deferred salary for Tillinghast of \$25,000; deferred salary for Wiser of \$20,000; \$1,032 interest on deferred salary of Cooke for prior periods.

Note: Bonus payments represent payments under TWA Deferred Compensation Unit Plan wherein participants have option to postpone maturity of

units or payments thereof for successive one-year periods, but not to a date later than five years afterwards. Certain management employees have been awarded units under the unit plan.

### UNITED AIR LINES, INC.

**OFFICERS:** Edward E. Carlson, Pres. & Chief Executive Officer, \$150,000; C.F. McElean, Executive VP & Chief Operating Officer, \$112,500; W.E. Dunkle, Sr. VP-Flight Operations, \$80,000; M. Whitlock, Sr. VP-Maintenance Operations, \$78,750; A.M. deVoursney, Sr. VP-Corporate Planning, \$77,500; L.L. Trece, VP-Flight Operations-Central Div., \$74,000; H.G. Mayes, Jr., VP-Technical Services, \$73,500; C.E. Luther, VP-System Personnel, \$72,075; M.W. Ashby, VP-Flight Operations-Eastern Div., \$71,925; J.R. Cottle, VP-Flight Operations-Western Div., \$71,925; R.L. Mangold, Executive VP-Marketing, \$70,245; R.E. Bruno, Sr. VP-Finance, \$68,750; E.O. Fennell, Sr. VP-Law & Secretary of Corporation, \$66,875; R.E. Johnson, Executive VP-External Affairs, \$65,038; P.A. Wood, Sr. VP & Gen. Manager-Eastern Div., \$63,750; G.J. Kidera, VP-Medical Services, \$61,250; R.T. Glasson, VP-Maintenance Planning, \$60,000; R.F. Dorsey, VP-Marketing-Central Div., \$57,000; J.D. Smith, VP-Flight Safety & Industry Affairs, \$54,875; M.O. Moore, Sr. VP-External Affairs, \$50,625; W.E. Alberts, VP-System Operations Services, \$50,375; J.J. Scherer, VP-Marketing-Eastern Div., \$50,000; D.C. Macneah, VP-Facilities & Property, \$49,500; K.L. Philon, VP-Industry Affairs, \$47,500; J.J. Hartigan, Sr. VP-Gen. Manager-Western Div., \$47,141; E.A. Beamish, VP-Schedule Planning, \$46,875; R.H. Robertson, VP & Treasurer, \$46,000; E.P. Buckhalt, VP-Maintenance Services-Western Div., \$45,900; M.E. Innes, VP-Purchasing, \$45,875; E.J. Raymond, VP-RMSE Maintenance, \$45,750; F.W. Heckel, VP-Advertising & Promotion, \$45,000; J.E. Courtright, VP-Marketing-Western Div., \$45,000; D.A. Medland, VP-System Operation Control, \$43,750; L.E. Perry, Regional VP, \$41,875; W.E. McGarry, Regional VP, \$41,550; D.E. Kain, VP-Personnel Services, \$41,500; D.H. Robertson, Regional VP, \$41,211; J.S. Nowlan, VP-Maintenance Planning, \$40,000; J.V. Meyer, Regional VP-Marketing-Central Div., \$39,675; H.J. Moirano, Sr. VP & Gen. Mgr. Central Div., \$38,685; J.C. Blackman, Regional VP, \$38,500; H.W. Furman, Regional VP-Marketing-Eastern Div., \$38,000; I. Roth, VP-Investor Relations, \$37,500; F.A. Brown, VP-System Services, \$36,850; R.R. Hertzler, VP-Maintenance Supply, \$36,500; S.T. McAlister, VP-Property, \$36,500; J.L. Seiple, VP and Comptroller, \$36,425; D.M. Buckmaster, VP-Maintenance & Admin. Svcs. Eastern Div., \$36,350; E.H. Clay, Regional VP, \$35,700; R.G. Sampson, VP-Property-Central Div., \$35,000; H.C. Godfrey, Jr., VP-Property-Eastern Div., \$34,550; W.D. Smith, Regional VP, \$32,875; G.B. Toy, VP-Flight Admin. Services, \$31,500; R.A. Dimpfl, Secretary, \$31,250; R.A. Porter, Auditor, \$30,075; J.R. Byrwalter, Regional VP, \$1,500; R.J. McBride, Regional VP, \$1,500; J.N. Mittelstead, Regional VP, \$1,500; C.D. Murray, Regional VP, \$1,500; R.C. Collins, VP-Engineering, \$44,250; J. H. Batten, Asst. Treasurer, \$26,825; R.H. Carter, Asst. Secretary, \$31,500; P.J. Hogan, Asst. Secretary, \$40,440.

**DIRECTORS:** Curtis Barkes; H. Tompkins Brown; Richard F. Cooley; Gardner Cowler; Justin Darr; Thomas F. Glead; Paul G. Hoffman, Director Emeritus; William M. Jenkins; Simon E. Knudsen; Charles F.

(Continued On Back Of Page)

May 4, 1972

**G-42 REPORTS**

Airline reports filed with CAB show 1971 compensation and expenses of all general officers and directors. Stock and other security holdings are listed.

**TRANS WORLD AIRLINES**

**Officers:** Charles C. Tillinghast Jr., bd. chm., CEO, dir., \$100,000 (plus deferred salary of \$25,000), \$83,973 bonus, \$2,175 exp., 13,462 common; Farwood C. Wiser Jr., pres., COO, dir., \$95,337 (plus deferred salary of \$20,000), \$4,270 exp., 200 common; Blaine Cooke, sr. vp-marketing, dir., \$72,500, \$54,297 bonus, \$6,402 exp., 100 common; Wayne G. English, sr. vp-finance, dir., (resigned 4/22/71), \$27,417, \$497 exp.; C. Edwin Mayer Jr., sr. vp-finance, dir., \$50,250, \$20,594 bonus, \$2,875 exp.; L. Edwin Smart, sr. vp-corporate affairs, dir., \$81,500, \$65,156 bonus, \$4,772 exp.; Melvin A. Brenner, vp-marketing planning, \$50,000, \$30,406 bonus, \$4,585 exp.; R.L. Crandall, vp, controller, \$44,074, \$18,244 bonus, \$2,747 exp.; David J. Crombie, vp-industrial relations, \$51,000, \$26,931 bonus, \$3,008 exp.; Raymond R. Fletcher Jr., vp, gen. counsel, \$42,500, \$1,959 exp., 400 common; J.E. Frankum, vp-flight operations, \$70,000, \$17,375 bonus, \$2,594 exp., 1,620 common; Gordon L. Gilmore, vp-public relations, \$46,000, \$5,213 bonus, \$2,278 exp., 3,207 common; A.E. Jordan, vp-technical services, \$54,000, \$34,750 bonus, \$1,714 exp., 1,200 common; Matthew J. Kennedy, vp-special services, \$46,750, \$26,063 bonus, \$7,267 exp.; Donald C. Logan, corporate sec., \$27,500, \$3,909 bonus, \$732 exp.; Daniel P. Reid, vp-sales & services, \$50,000, \$21,309 bonus, \$12,160 exp., 1,575 common; Robert W. Rummel, vp-technical development, \$43,500, \$17,375 bonus, \$2,722 exp., 2,565 common; Frank L. Salizzoni, vp, treas., \$25,925, \$7,629 bonus, \$2,338 exp.; Wallace J. Smith, vp-advertising & marketing programs, \$50,000, \$26,931 bonus, \$4,864 exp.; Thomas K. Taylor, vp-government affairs, \$56,000, \$9,556 bonus, \$3,435 exp., 2,850 common; Floyd M. Wilkeson, vp-systems & data services, \$25,925, \$3,628 bonus, \$1,897 exp.

**Directors:** Lester Crown, \$1,604 exp., 1,323 common, 2,655 preferred; Arthur J. Goldberg, \$870 exp., 100 common; Jack R. Howard, \$2,151 exp., 200 common; Charles N. Kimball, \$3,603 exp., 100 common; Barry T. Leithead, \$2,679 exp., 127 common; Hughsten M. McBain, \$1,892 exp.; Robert M. McKinney, \$3,625 exp., 5,000 common, 5,000 warrants; Ben-Fleming Sessel, \$2,609 exp., 200 common; Thomas A. Black, \$1,528 exp.; Charles H. Sommer Jr., \$2,000 exp., 100 common; Charles B. Thornton, \$2,577 exp., 100 common; Holmes P. Tuttle, \$2,349 exp., 1,000 common; Jack Valenti, \$2,768 exp., 100 common.

All bonuses represent payments under Deferred Compensation Unit Plan.

Total salary for directors and officers, \$17,137,427; total bonuses, \$468,130; total expenses borne by the air carrier, \$899,742.

Management personnel earning more than \$20,000, 627; upper limit, \$65,000; lower limit, \$20,003.

**G-43 REPORTS**

Airline reports filed with CAB show 1971 compensation and expenses above \$5,000 for legal and other services.

**TRANS WORLD AIRLINES**

Adel Hellenic Advertising Co., Athens, Greece, advertising, \$33,680; Advanced Systems, Inc., Mt. Prospect, Ill., computer, \$8,201; Alexander and Alexander, New York,

actuarial, \$38,000; American Cyanamid Co., Chicago, baggage survey, \$10,500; Amman and Whitney, New York, engineering, \$10,069; Anthony Barona, Kansas City, Mo., design, \$14,998; Auxton Computer Enterprises, Union, N.J., computer, \$9,600; Baker and McKenzie, Chicago, legal, \$22,058; A. Benhalim, Tripoli, Libya, legal, \$5,430; Boole and Babbage, Inc., Cupertino, Calif., data processing, \$5,900; Burns and McDonnell Engineering, Kansas City, Mo., engineering, \$36,792; Charles Butler Associates, New York, design, \$71,819; Cahill, Gordon, Sonnet, Reindell and Ohl, New York, legal, \$265,265; A.S. Carata, New York, consultant, \$16,851; Chadbourne, Park, Whiteside and Wolff, New York, legal, \$1,389,180; Cleary, Gottlieb, Sterns and Hamilton, New York, legal, \$6,993; Computer Microforms, Inc., Kansas City, Mo., microfilm output, \$17,123; Control Data Corp., Chicago, traffic study, \$128,025; Cospiro-Zappala, Rome, Italy, legal, \$5,740; Covington and Burling, Washington, D.C., legal, \$5,858; Norman Craig, Milan, Italy, advertising, \$31,425; Davis Advertising Agency, Madrid, Spain, advertising, \$89,583; Data Group Inc., Flourenton, Pa., computer, \$18,500; Dataplan, Inc., New York, computer, \$11,840; Datotab, Inc., New York, data processing, \$24,685; Datatron Processing, Inc., Flushing, New York, data processing, \$155,716; Dechent-Hampe and Co., Chicago, instructional, \$100,786; Dillon, Read and Co., Inc., New York, financial, \$75,000; Dittler Brothers, Atlanta, Ga., promotional, \$7,964; Electronic Systems Personnel, Kansas City, Mo., computer, \$8,720; Freshfields, London, England, legal, \$17,857; Galland Advertising, New York, advertising, \$33,571; General Electric Co., Baltimore, Md., data processing, \$8,935; E. Gitzelter, Tel Aviv, Israel, legal, \$163,222; Grant Advertising International Inc., Nairobi, Kenya, advertising, \$18,224; Hanna-Barbara Productions, Hollywood, Calif., promotional, \$19,629; Haskins and Sells, Kansas City, Mo., auditing, \$263,675; International Business Machines, New York, computer, \$522,997; International Business Machines, Chicago, computer, \$8,224; International Business Machines, Kansas City, Mo., computer, \$5,488,664; Information Concepts, Inc., Arlington, Va., system design, \$38,264; Informa-Tab Corp., New York, data processing, \$29,430; Information Industries, Inc., Kansas City, Mo., computer, \$78,296; Interactive Data Corp., Waltham, Mass., data processing, \$176,385; Inter Plan Public Action, Paris, France, advertising, \$37,962; Harvey Kohn Studio, New York, advertising, \$6,000; David Klein, Brooklyn, N.Y., illustrations, \$9,450; Lankler and Parker, Washington, D.C., legal, \$18,919; Lartan Processing Co., Inc., Maspeth, N.Y., advertising, \$14,989; Life Extension Institute, New York, medical supervision, \$11,890; Maitre Hassan El Nobas, Cairo, Egypt, legal, \$6,091; McCormack and Bregman, Washington, D.C., legal, \$50,000; Albert E. MacMillan, New York, consultant, \$6,000; Management Enterprises, Oklahoma City, Okla., consultant, \$39,780; Donald W. Markham, Washington, D.C., legal, \$6,516; Me. Lepanlle, Paris, France, legal, \$11,788; G. Mosso, Rome, Italy, legal, \$5,881; Robert R. Nathan Associates, Inc., Washington, D.C., consultant, \$8,208; National Data Corp., Atlanta, Ga., advertising distribution, \$228,002; National Economic Research, New York, professional, \$35,718; Official Airline Guide, Chicago, training, \$68,931; O'Molveny and Myers, Los Angeles, Calif., legal, \$46,403; Oyer Computer Service, Inc., New York, computer, \$10,589; Oxtoby-Smith, Inc., New York, research, \$618,896; Pacifico Publicity Bureau, Inc., Hong Kong, B.C., advertising, \$9,111; PAR Technology, Inc., Chicago, consultant, \$68,553; Pierre Le Faulle, Paris, France, legal, \$17,180; Pillsbury-Madison and Sutra, (Continued On Following Page)

## AIRLINES FILE SCHEDULE G-42 REPORTS

Airlines have filed with CAB schedule G-42 reports as part of their form 41 filings. These reports show the compensation and expenses of all general officers and directors.

## TRANS WORLD AIRLINES, INC.

**Officers:** Charles C. Tillinghast, Jr., chm. & CEO, dir., \$100,000 1/2, \$11,333 bonus, \$2,220 exp., 7,800 common, 374 others; Forwood C. Wiser, Jr., pres. & chief operating officer & dir., \$91,557 2/3, \$4,774 exp., 200 common, 651 others; Blaine Cooke, sr. vp-marketing & dir., \$68,625 3/4, \$4,288 exp., 100 common, 76 others; Wayne G. English, sr. vp-finance & dir., \$75,417, \$2,207 exp., 500 common, 456 others; L. Edwin Smart, sr. vp-external affairs & dir., \$77,750, \$4,716 bonus, \$3,319 exp., 478 others (common); Melvin A. Brenner, vp-marketing planning, \$50,000 4/5, \$4,324 exp., 289 others (common); Robert L. Cooper, vp & controller (resigned), \$27,105, \$1,950 bonus, \$1,202 exp.; R. L. Crandall, vp-systems & data services, \$32,545, \$2,177 exp., 97 others (common); David J. Crombie, vp-industrial relations, \$51,000, \$1,975 bonus, \$3,352 exp., 2,025 common, 173 others; Raymond R. Fletcher, Jr., vp & general counsel, \$42,000, \$2,380 exp., 600 common; J. E. Frankum, vp-flight operations, \$66,250, \$3,408 bonus, \$2,430 exp.; Gordon L. Gilmore, vp-public relations, \$46,500, \$875 bonus, \$2,938 exp., 3,057 common, 236 others; Malcolm T. Hopkins, vp & treas., (Resigned), \$45,208, \$5,854 exp.; Thomas F. Huntington, vp-sales & services (resigned), \$55,933, \$2,375 bonus, \$1,857 exp.; A.E. Jordan, vp-technical services, \$54,000, \$4,441 bonus, \$2,358 exp., 1,500 common, 150 others; Matthew J. Kennedy, vp-special services, \$46,750, \$8,183 exp., 300 common, 335 others; Donald C. Logan, corporate sec., \$26,667, \$846 exp., 290 others (common); C. E. Meyer, Jr., vp & controller, \$21,711, \$1,206 exp., 31 others (common); Frederick A. Moore, vp-corporate development, (resigned), \$36,271, \$1,901 exp., 50 common; D. P. Reid, vp-sales & services, \$19,227, \$3,755 exp., 1,350 common, 193 others; R. K. Rourke, vp-system administration, (resigned), \$38,500, \$1,056 exp., 1,265 common; R. W. Rummel, vp-technical development, \$43,500, \$875 bonus, \$3,272 exp., 2,565 common, 278 others; J. W. Smith, vp-systems & data services, (resigned), \$20,000, \$224 exp.; W. J. Smith, vp-sales & services progress, \$50,000, \$3,314 exp., 117 others (common); Lawrence V. Stapleton, vp-advertising & sales promotion, \$23,416, \$1,618 exp.; C. R. Strand, vp-hotel operations, \$7,161 exp.; T. K. Taylor, vp-government affairs, \$56,000, \$1,475 bonus, \$4,135 exp., 800 common 66 others; **Directors:** E. O. Cocke, \$1,611 exp., 2,876 common; Lester Crown, \$4,071 exp., 1,323 common; Raymond M. Dunn, \$5,475 bonus, \$1,384 exp., 2,868 common, \$1,600 debt securities; Jack R. Howard, \$7,689 exp., 200 common; Charles N. Kimball, \$3,895 exp., 100 common; Barry T. Leithead, \$3,107 exp., 127 common; H. M. McRae, \$2,443 exp., 100 common; Robert M. McKinney, \$4,274 exp.,

Ben-Fleming Sessel, \$2,323 exp., 200 common; Thomas A. Slack, \$3,231 exp., 100 common; C. H. Sommer, Jr., \$2,711 exp.; C. R. Thornton, \$2,642 exp., 100 common; Holmes P. Tuttle, \$2,286 exp., 1,000 common; Jack Valenti, \$2,170 exp., 100 common.

- 1/ Does not include deferred salary of \$25,000 and interest of \$5,135 on deferred salary.
- 2/ Does not include deferred salary of \$20,000 and interest of \$804 on deferred salary.
- 3/ Does not include deferred salary of \$3,333 and interest of \$1,142 on deferred salary.
- 4/ Does not include deferred salary of \$5,112 and interest of \$112 on deferred salary.
- 5/ Salary and expenses paid by wholly-owned subsidiary, Hilton International Company.

Note: Bonus and Indirect Compensation represents incentive compensation earned and awarded for the year 1967 but paid in annual installments over a three-year period ending in 1970. There were no incentive compensation awards made for the year 1970.

## AMERICAN FLYERS AIRLINE CORP.

**Officers:** Putnam B. McDowell, pres. & chm., Virginia Pigman, hon. chm.-bd., Lucian Hunt, pres. & dir., \$22,500, \$1,012 exp.; H. B. Richards, vp-customer rel., \$13,999, \$726 exp.; J. Martin, vp-mktg & sales, \$34,999, \$5,110 exp.; D. E. Horn, vp-finance, \$23,000, \$990 exp.; Wm. A. Mather, Jr. vp-sales, \$24,124, \$3,512 exp.; R. Campbell, vp-sales, \$14,125, \$3,700 exp.; J. Harrington, vp-flight, \$38,632, \$939 exp.; R. Fraley, vp-legal & asst. sec., \$24,000, \$1,504 exp.; J. R. Smith, vp-sales, eastern region, \$19,731, \$4,023 exp.; J. Proops, controller, \$19,166, \$228 exp.; W. G. Rauck, sec. & dir.; John W. Adams, vp & dir. **Directors:** R. Johnston; Henry L. Hillman.

## PURDUE AIRLINES, INC.

**Officers:** Grove Webster, chm.-bd. & dir., \$10,833, \$10,000 bonus, \$2,426 exp.; J. P. Minton, pres. & dir., \$30,541, \$8,504 exp.; R. E. Sizmur vp-finance, asst. sec-treas., \$19,416, \$4,271 exp.; P. E. Ellsworth, vp-ops & maint., \$25,374, \$640 exp.; P. C. Kouchouras, vp-purchasing, \$12,291, \$221 exp.; W. D. Eikenberry, vp-mktg., \$3,500, \$590 exp.; Dom Coppolillo vp-mktg., \$13,812, \$6,416 exp. **Directors:** J. T. Stephens; R. C. Turner, J. R. Maris; F. B. Smith; J. E. M. Jacoby; F. L. Hovde; J. S. Day; G. M. Main.

- END -

## AIRLINES FILE SCHEDULE G-42 REPORTS

Airlines have filed with CAB schedule G-42 reports as part of their Form 41 filings. These reports show the compensation and expenses of all general officers and directors.

## TRANS WORLD AIRLINES

Officers: C. C. Tillinghast Jr., bd. chairman and chief exec. officer, dir.,<sup>a</sup> \$100,000, \$27,283 bonus, \$2,662 exp., 8,400 common, 199 others; E. R. Breech, bd. chairman (retired 4/69), \$1,777 exp., 3,122 common; F. C. Wiser Jr., pres. and chief operating officer, dir.,<sup>b</sup> \$85,000, \$4,719 exp., 200 common, 209 others; S. Cooke, sr. vp-marketing dir.,<sup>c</sup> \$52,390, \$4,763 exp., 100 common, 23 others; W. G. English, sr. vp-finance, dir., \$70,974, \$961 exp., 100 common, 75 others; L. E. Smart, sr. vp-external affairs, dir., \$73,717, \$4,717 bonus, \$4,918 exp., 100 common, 70 others; E. O. Cooke, sr. vp and dir. (retired 7/69), \$14,583, \$2,925 bonus, \$2,837 exp., 2,876 common, 135 warrants;

R. M. Dunn, sr. vp and system gen. manager, dir. (retired 8/69), \$42,012, \$13,909 bonus, \$1,161 exp., 2,768 common, \$1,600 debt securities; M. A. Brenner, vp-marketing planning, \$25,799<sup>d</sup> \$2,420 exp., 53 others; R. L. Cooper, vp and controller, \$44,958, \$3,500 bonus, \$1,724 exp., 200 common; D. J. Crombie, vp-indus. rela., \$46,833, \$7,775 bonus, \$3,602 exp., 2,025 common, 106 others; R. Duckworth, corporate secy. (retired 1/69), \$15,333<sup>e</sup>; R. R. Fletcher Jr., vp and gen. counsel, \$33,750<sup>f</sup>, \$275<sup>f</sup>, \$856 exp., 600 common; J. E. Frankum, vp-flight operations, \$55,000, \$9,183 bonus, \$3,321 exp.;

G. L. Gilmore, vp-public relations, \$40,292, \$7,291 bonus, \$3,334 exp., 3,807 common, 156 others; M. T. Hopkins, vp and treas., \$44,583, \$4,127 exp., 18 others; T. F. Huntington, vp-sales and services, \$50,000, \$7,809 bonus, \$2,742 exp., 3,125 common, 54 others; A. E. Jordan, vp-technical services, \$54,000, \$10,567 bonus, \$1,619 exp., 1,600 common, 87 others; M. J. Kennedy, vp-special services, \$41,875, \$6,098 exp., 300 common, 90 others; D. C. Logon, corporate secy., \$25,000<sup>g</sup>, \$880 exp., 153 others; M. L. Milligan II, vp and gen. counsel (reassigned 6/69), \$21,208, \$8,666 bonus;

F. A. Moore, vp-corporate development, \$21,250, \$4,503 exp., 50 common, 16 others; R. K. Rourke, vp-system adminis., \$44,883, \$7,691 bonus, \$1,314 exp., 1,265 common, 83 others; R. W. Rummel, vp-tech. development, \$43,500, \$7,625 bonus, \$3,850 exp., 2,565 common, 98 others; J. W. Smith, vp-systems and data services (resigned), \$35,833, \$5,000 bonus, \$1,690 exp., 61 common, 110 preferred, 11 others; W. J. Smith, vp-sales and service programs, \$46,667, \$2,667 exp., 35 others; L. V. Stapleton, vp-advertising and sales promotion, \$33,000, \$1,225 bonus, \$2,694 exp.; C. R. Strand, vp-hotel operations, \$3,500 bonus (salary and expenses paid by wholly-owned subsidiary, Hilton International Company); T. K. Taylor, vp-gov. affairs, \$52,000, \$7,659 bonus, \$4,430 exp., 800 common, 24 others;

Directors: L. Crown<sup>h</sup>, \$4,073 exp., 642 common, 250 preferred, \$53,000 debt securities; J. R. Howard, \$2,921 exp., 200 common; C. N. Kimball, \$4,301 exp., 100 common; B. T. Leithead, \$3,276 exp., 127 common, H. M. McBain, \$2,919 exp., 125 common; R. M. McKinney, \$5,362 exp., 500 common; B.-F. Seisel, \$2,072 exp., 200 common; T. A. Slack, \$3,652 exp., 100 common; C. H. Sammer Jr., \$1,800 exp., 100 common; C. B. Thornton, \$2,417 exp., 100 common; H. P. Tuttle, \$269 exp., 1,000 common; J. Valenti, \$2,550 exp.;

G. R. Brown (resigned 4/69), \$878 exp., 54 common.

<sup>a</sup> Excludes deferred salary of \$25,000 and interest of \$4,938 on deferred salary.

<sup>b</sup> Excludes deferred salary of \$20,000 and interest of \$134 on deferred salary.

<sup>c</sup> Excludes deferred salary of \$12,400 and interest of \$318 on deferred salary.

<sup>d</sup> Excludes deferred salary of \$2,812, but includes \$1,233 for period June 11 through 24, 1969 before entry upon present office.

<sup>e</sup> Includes total payment at retirement.

<sup>f</sup> Includes salary of \$11,875 and incentive compensation of \$275 for period Jan. 1 through May 31, 1969 before entry upon present office.

<sup>g</sup> Includes salary of \$7,888 for period Jan. 1 through April 23, 1969 before entry upon present office.

<sup>h</sup> 7,315 common and 14,400 preferred shares held in partnership.

## ALASKA AIRLINES

Officers: C. F. Willis Jr., bd. chairman, chief exec. officer and dir., \$46,667<sup>a</sup>, \$7,587 exp., 41,625 common; L. P. Blatter, pres. and gen. manager and dir., \$32,970, \$2,703 exp., 590 common; L. H. Peterson, exec. vp-operations and maintenance, dir., \$26,548, \$3,739 exp., 278 common; R. Giersdorf, vp-traffic and sales, \$26,458, \$9,660 exp., 100 common; O. F. Benecke, vp-properties and dir., \$25,104, \$1,136 exp., 1,225 common;

H. W. Biers, secy., \$20,000, \$1,024 exp., 299 common; W. V. Cheek, asst. secy., \$19,152, \$31 exp.; M. K. Smith, vp and dir., \$25,000, \$1,933 exp., 30,000 common; H. Gruening, vp-S. E. Alaska, \$21,200, \$1,607 exp., 1,079 common; G. A. Badding, vp-operations, Ketchikan region, \$19,464, \$435 exp., 2,000 common; E. A. Weber, treas., \$18,388, \$120 exp.;

Directors: R. A. Atwood, \$200 exp., 3,000 common; W. M. Burke, \$250 exp., 100 common; V. D. Farbes, \$250 exp., 100 common; F. de Gunzburg, \$150 exp., 200 common, 6,000 others; H. Margolis, \$800 common, \$5,000 debt securities; R. J. McNecy, \$250 exp., 207 common; J. S. Russell, \$250 exp., 1,000 common; S. B. Simmons, \$332 exp., 15,000 common; R. E. Ellis, \$250 exp., 11,468 common; W. E. Bullington, \$50 exp., 10 common (began Dec. 1969); C. R. Steward, \$50 exp., 10 common (began Aug. 1969).

<sup>a</sup> Reflected on a cash basis.

## AMERICAN FLYERS

Officers: V. Pigmon, hon. bd. chairman, 10,000 common; L. J. Hunt, pres. and dir., \$45,000, \$4,674 exp.; H. B. Richards, vp-customer relations, \$13,917, \$3,719 exp.; B. B. Biggs, vp-marketing and sales, \$25,000, \$1,354 exp.; D. E. Horn, vp-finance, \$21,000, \$1,169 exp.; W. A. Mather Jr., vp-Western region, \$20,000, \$2,653 exp.; D. Chase (resigned 11/69), regional vp, \$16,500, \$2,265 exp.;

R. J. Campbell, vp-sales, \$20,437, \$5,728 exp.; J. Harrington, vp-flight, \$31,232, \$345 exp.; R. Orr (resigned 7/69), vp, \$9,575, \$1,256 exp.; R. Foley, vp-regional and asst. secy. (began 10/69), \$5,270, \$1,094 exp.; J. R. Smith, asst. vp-sales (began 11/69), \$2,666; J. D., Proopa, controller (began 11/69), \$3,000, \$35 exp.

- E N D -

IN RESPONSE TO QUESTION NUMBER 11

TWA's application for Subsidy (attached) and its response to DOT's request for information concerning actions that might be taken by the government to relieve the critical financial problems faced by transatlantic operators (also attached) is responsive to the questions raised in item 11.

[Omitted. This application is contained in CAB docket 26563.]

IN RESPONSE TO QUESTION NUMBER 18

TWA's costs per block hour vary with aircraft type and average stage length of the aircraft. Details of those instances where TWA's costs are higher than, equal to, or lower than the industry average are given below. We have not attempted to explain the variance in costs due to different stage lengths of aircraft between TWA and the industry average. Other variances are explained. The information was obtained from the most recent comprehensive report in TWA's possession, entitled "Aircraft Operating Cost and Performance Report." The data is for calendar years 1971 and 1972, and the report is published by the Statistical Division, Bureau of Accounts and Statistics Civil Aeronautics Board, Washington, D.C. 20428. Copies of the relevant pages of this report are attached.

I. Costs Lower Than Industry Averagea) DOMESTIC

B-707-100B	Crew, Maintenance, Fuel and Oil Costs lower. Offset by higher Depreciation charges.	\$ 19.85
B-707-300B	Crew and Maintenance Costs lower. Offset by higher Depreciation charges.	\$116.25
B-727-200	Maintenance costs lower. Offset by higher crew and Depreciation charges.	\$ 45.58
L-1011	Crew and Depreciation costs lower. Offset by higher maintenance costs.	\$ 45.33
B-707-300C	Crew and Depreciation costs lower. Offset by higher maintenance and fuel costs.	\$ 59.60

b) INTERNATIONAL

B-707-300B (Atlantic)	Crew, Fuel and Depreciation charges lower. Offset by higher maintenance costs.	\$ 89.74
B-707-300C	Maintenance and Depreciation Charges lower than Industry Average.	\$ 55.33

II. Costs Equalling Industry Averagea) DOMESTIC

<u>Aircraft Type</u>	<u>Explanation</u>	<u>TWA - Industry Cost Differential (per block hour)</u>
B-707-100	-	-
B-707-300	-	-

b) INTERNATIONAL

none

III. Costs Exceeding Industry Averagea) DOMESTIC

<u>Aircraft Type</u>	<u>Explanation</u>	<u>TWA - Industry Cost Differential (per block hour)</u>
B-747	Insurance and Engine Maintenance Costs higher than Industry Average	\$117.98
B-727-100	Maintenance costs exceed Industry Average. Partially offset by lower Depreciation, Crew, Fuel and Oil Costs.	\$ 13.81
B-727-100C/QC	Depreciation charges higher. Crew, Maintenance, Fuel and Oil costs lower.	\$ 42.35
DC-9-10	Crew, Maintenance and Depreciation Costs higher	\$ 82.49
CV-880	Maintenance and Depreciation costs higher. Aircraft no longer used by TWA.	\$ 47.39

b) INTERNATIONAL

B-747	Maintenance costs higher. Offset by lower crew, Fuel and Depreciation charges.	\$105.73
B-707-300B (Pacific)	Crew and Fuel Costs higher. Offset by lower maintenance and depreciation charges.	\$ 39.21

[Attachments attached]

IN RESPONSE TO QUESTION NUMBER 19

TWA's costs for Rent, Utilities & Communications and Advertising and Promotion for the last five years are given below. To ensure standardization of costs, the cost information was extracted from TWA's annual reports.

DOLLAR AMOUNTS IN THOUSANDS

<u>Year</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Rent, Utilities & Communications*	\$94,659	\$121,349	\$136,231	\$143,985	\$129,074
Advertising and Promotion	31,922	30,552	44,992	40,252	37,818
Rent etc. as a % of Total Cost	8.69	9.66	10.81	10.47	9.86
Advertising etc. as a % of Total Cost	2.93	2.43	3.57	2.93	2.89

\* Rental costs are not shown as a separate item



IN RESPONSE TO QUESTION NUMBER 20

The cost of carrying one additional passenger on a flight assuming that all scheduled flights remain unchanged is basically a variable cost related to handling and processing the additional passenger. TWA's passenger related costs are different for domestic and international routes and both vary depending upon the length of haul over which the additional passenger is traveling. Generally, at current yields and costs, TWA's domestic passenger related costs are approximately 10% of the additional revenue TWA would gain from carrying the extra passenger. Internationally, the cost is approximately 11% of the incremental revenue.

IN RESPONSE TO QUESTION NUMBER 21 a

TWA serves only the New York-Chicago and New York-Los Angeles markets

- a) The costs per flight during the first nine months of 1974 for these two markets are given below:

<u>Market</u>	<u>COST PER FLIGHT</u>			
	<u>Seat Mile Basis</u>		<u>RPM Basis</u>	
	<u>Fully Allocated</u>	<u>Variable Basis</u>	<u>Fully Allocated</u>	<u>Variable Basis</u>
New York-Chicago	\$0.051	\$0.033	\$0.088	\$0.058
New York-Los Angeles	\$0.032	\$0.019	\$0.057	\$0.033

Because of the way TWA collects information, we are unable to give the costs per flight on an "incremental cost" basis. The costs included in the Fully Allocated and Variable Basis we detailed below:

- i) Variable Aircraft Operating Costs - crew and hostess pay, crew expenses, meals, fuel and oil, variable maintenance and overhaul, in-flight entertainment etc.
- ii) Ownership Costs - Depreciation, rentals, non-operating expenses (primarily interest expense) and hull insurance.
- iii) Fixed Costs - fixed maintenance and overhaul, fixed in-flight expense, aircraft modifications, other fixed aircraft operating expenses and general and administrative expense applicable to all aircraft costs.
- iv) Station Costs - variable and fixed, landing fees, etc.

The Fully Allocated costs include all four cost elements while the Variable Basis costs include only the variable or non-fixed costs, i.e. - cost elements (i) and part of (iv).

DOC costs would include a portion of Variable Aircraft Operating Costs (i) (excluding; hostess pay, meals, in-flight entertainment) and Ownership Costs (ii) (excluding non-operating expenses and hull insurance).

IN RESPONSE TO QUESTION NUMBER 21b

TWA operates scheduled service in only two of the seven markets load factor information was requested - the New York-Los Angeles market and the Chicago-New York market. TWA's passenger load factors on scheduled nonstop flights operated in these two markets are shown in the table below. This information is reported to the Civil Aeronautics Board monthly in Service Segment Data Reports (ER-586). In addition, TWA has reported this information to the Civil Aeronautics Board and other parties designated in CAB Docket 22908 and 25990, since July 1974.

TWA Passenger Load Factors On Scheduled Non-Stop Flights		
	<u>New York-Los Angeles</u>	<u>Chicago-New York</u>
1970	44%	47%
1971	41%	46%
1972	54%	48%
1973*	53%	47%
1974 (Jan.-Sep.)	56%	57%

Note: Capacity Reduction Agreements became effective in the New York-Los Angeles market in October 1971 and in the New York-Chicago market in November 1973.

\* TWA operations affected by ALSSA strike - November 5, 1973 through December 18, 1974.

AttachmentIN RESPONSE TO QUESTION NUMBERS 22 and 27

The accompanying material lists TWA applications filed during the last five years with the Civil Aeronautics Board for new route authority and for suspensions of service. Any subsequent actions by the Board are also indicated.

[ Subcommittee note.---TWA attached the actual applications; they are omitted as too lengthy for inclusion into the record.]

Attachment 19IN RESPONSE TO QUESTION NUMBER 25

TWA currently is involved in three route purchase or exchange proceedings which are:

- 1) A TWA/Pan American agreement on Ireland/Detroit - London/ East Africa.
- 2) A TWA/Delta agreement on TWA's Nashville authority.
- 3) A TWA/Pan American agreement on certain transatlantic and transpacific routes.

Copies of documents which TWA has filed with the Board in these proceedings are attached.

[ Subcommittee note.---Attachments of TWA have been omitted as too lengthy for inclusion into the record.]

IN RESPONSE TO QUESTION NUMBER 28

TWA Aircraft Fuel Costs in absolute terms, and as a percentage of TWA total operating costs for 1970, 1971, 1972, 1973 and the first nine months of 1974 are shown below. This information is filed with the Civil Aeronautics Board in TWA's quarterly CAB Form 41 reports.

TWA Aircraft Fuel Costs

	Amount (In Thousands)	As a % of Total Operating Costs
1970	\$ 146,076.7	11.8%
1971	146,585.9	11.8
1972	158,920.1	11.8
1973	166,572.5	12.0
1974 (Jan.-Sep.)	282,534.4	21.5

IN RESPONSE TO QUESTION NUMBER 29

Attached are TWA revenues, costs and profits for its Atlantic Division for the years 1970 through 1973 and the 12 months ended September 1974.

INCOME STATEMENT		Air Carrier <u>Trans World</u>		Air Carrier <u>Trans World</u>	
Group II and Group III Air Carriers		Operation <u>Atlantic</u>		Operation <u>Atlantic</u>	
		Period Ended <u>September 30, 1974</u>		Period Ended <u>September 30, 1974</u>	
OPERATING REVENUES		QUARTER		12 MONTHS TO DATE	
	REF.				
Passenger .....	P-3	3901	143,626,484	3901	358,087,874
United States Mail .....	P-3	3902	3,590,356	3902	13,608,193
Foreign mail .....	P-3	3903	192,205	3903	694,714
Security charge .....		3904	-	3904	-
Property .....	P-3	3906	14,755,013	3906	48,164,892
Charter and special .....	P-3	3907	11,374,506	3907	37,732,476
Other .....	P-3	3919	521,678	3919	1,757,216
Total Transport Revenues .....		3999	174,060,242	3999	460,045,365
Transport-Related Revenues:					
Section 406 Subsidy .....		4808	-	4808	-
Other Transport-Related Revenues .....		4838	3,498,401	4838	34,691,792
Total Transport-Related Revenues .....	P-4	4899	3,498,401	4899	34,691,792
Total Operating Revenues .....		4999	177,558,643	4999	494,737,157
OPERATING EXPENSES					
Flying operations .....	P-5.2	5100	63,381,101	5100	194,578,457
Maintenance .....	P-6	5400	21,072,290	5400	75,576,069
Passenger service .....	P-6	5500	15,163,748	5500	47,874,635
Aircraft and traffic servicing .....	P-7 & P-8	6400	19,853,203	6400	68,200,049
Promotion and sales .....	P-7 & P-8	6700	20,114,505	6700	61,724,446
General and administrative .....	P-7	6800	7,014,250	6800	26,409,665
Depreciation and amortization .....	P-3	7000	8,085,929	7000	32,425,334
Transport-related .....	P-4	7100	2,765,909	7100	6,729,200
Total operating expenses .....		7199	157,450,935	7199	513,517,855
Operating profit or loss .....		7999	20,107,708	7999	18,780,698 *
NONOPERATING INCOME AND EXPENSE-NET .....	P-3	8100	835,136 *	8100	7,185,576 *
Net income before income taxes ..		8999	19,272,572	8999	25,966,274 *
INCOME TAXES FOR CURRENT PERIOD		9100	1,356,000	9100	12,975,000 *
Net income before special items ..		9699	17,916,572	9699	12,991,274 *
SPECIAL ITEMS:					
Special income credits and debits (net) .....	P-4	9736	-	9736	-
Special income tax credits and debits (net) .....	P-4	9797	-	9797	-
Net income after special items .....		9799	17,916,572	9799	12,991,274 *
UNAPPROPRIATED RETAINED EARNINGS:					
Beginning of period .....		9810	-	9810	-
Cash dividends and other asset distributions .....	P-4	9830	-	9830	-
Stock dividends and retained earnings adjustments .....	P-4	9840	-	9840	-
End of period (including net income)		9899	-	9899	-

\*Denotes inverse amount; in accounts 8100, 9700, and 2940, denotes debit amount.

INCOME STATEMENT		Air Carrier <u>Trans World</u>		Air Carrier <u>Trans World</u>	
Group II and Group III Air Carriers		Operation <u>Atlantic</u>		Operation <u>Atlantic</u>	
		Period Ended <u>December 31, 1978</u>		Period Ended <u>December 31, 1978</u>	
		Final		Final	
		QUARTER		12 MONTHS TO DATE	
OPERATING REVENUES					
TRANSPORT:					
Passenger	P-3	3901	39,619,920.65	3901	340,508,024.26
United States mail	P-3	3902	1,925,173.18	3902	13,457,288.05
Foreign mail	P-3	3903	75,525.98	3903	480,450.02
Property	P-3	3906	5,878,618.87	3906	40,285,689.56
Charter and special	P-3	3907	6,668,924.85	3907	38,219,647.16
Other	P-3	3919	186,645.14	3919	757,864.74
Total transport revenues		3999	54,364,878.67	3999	433,208,763.27
NONTRANSPORT:					
Federal subsidy		4100	-	4100	-
Incidental revenues (net)	P-4	4600	24,609,196.42	4600	29,273,721.32
Total nontransport revenues		4900	24,609,196.42	4900	29,273,721.32
Total operating revenues		4999	78,974,075.09	4999	462,982,484.59
OPERATING EXPENSES					
Flying operations	P-5.2	5100	21,534,953.94	5100	123,865,596.82
Maintenance	P-6	5400	13,507,350.90	5400	64,656,716.74
Passenger service	P-6	5500	8,609,331.00	5500	52,209,631.89
Aircraft and traffic servicing	P-7 & P-8	6400	13,180,743.68	6400	65,533,940.73
Promotion and sales	P-7 & P-8	8700	12,245,341.05	8700	62,363,305.78
General and administrative	P-7	6800	6,791,013.76	6800	26,572,856.58
Depreciation and amortization	P-3	7000	8,740,133.84	7000	32,893,097.02
Total operating expenses		7199	84,608,856.17	7199	429,095,144.56
Operating profit/loss		7999	5,634,793.08*	7999	33,887,341.03
NONOPERATING INCOME AND EXPENSE-NET					
	P-3	8100	1,548,472.73*	8100	8,945,379.47*
Net income before income taxes		8999	7,183,265.81*	8999	24,941,961.56
INCOME TAXES FOR CURRENT PERIOD					
		9100	3,481,000.00*	9100	4,538,000.00
Net income before special items		9499	3,702,265.81*	9499	20,403,961.56
SPECIAL ITEMS:					
Special income credits and debits (net)	P-4	9796	-	9796	-
Special income tax credits and debits (net)	P-4	9797	-	9797	-
Net income after special items		9799	3,702,265.81*	9799	20,403,961.56
UNAPPROPRIATED RETAINED EARNINGS:					
Beginning of period		9940		9940	
Cash dividends and other asset distributions	P-4	9930		9930	
Stock dividends and retained earnings adjustments	P-4	9840		9840	
End of period (including net income)		9999		9999	

\*Details in notes to accounts 8100, 9700, and 9940, credits debit amount.

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# Revised July 25, 1974



INCOME STATEMENT		Air Carrier Trans World		Air Carrier Trans World	
Group II and Group III Air Carriers		Operation Atlantic		Operation Atlantic	
		Period Ended December 31, 1972		Period Ended December 31, 1972	
		Final		Final	
		QUARTER		12 MONTHS TO DATE	
OPERATING REVENUES					
	REF.				
<b>TRANSPORT:</b>					
Passenger	P-3	3901	74,407,995.67	3901	338,744,525.20
United States mail	P-3	3902	4,416,461.07	3902	13,954,315.10
Foreign mail	P-3	3903	132,753.07	3903	705,137.94
Property	P-3	3906	10,314,571.60	3906	43,406,141.45
Charter and special	P-3	3907	10,570,101.51	3907	38,606,774.07
Other	P-3	3919	180,594.73	3919	458,122.44
Total transport revenues		3999	100,022,477.65	3999	435,875,016.20
<b>NONTRANSPORT:</b>					
Federal subsidy		4100	-	4100	-
Incidental revenues (net)	P-4	4600	1,433,534.88	4600	4,728,994.46
Total nontransport revenues		4900	1,433,534.88	4900	4,728,994.46
Total operating revenues		4999	101,456,012.53	4999	440,604,010.66
<b>OPERATING EXPENSES</b>					
Flying operations	P-5.2	5100	29,818,746.98	5100	113,603,587.70
Maintenance	P-6	5400	19,804,720.99	5400	65,268,942.74
Passenger service	P-6	5500	13,376,691.33	5500	52,302,160.98
Aircraft and traffic servicing	P-7 & P-8	6400	15,644,760.12	6400	60,570,391.47
Promotion and sales	P-7 & P-8	6700	15,888,221.84	6700	64,550,600.09
General and administrative	P-7	6800	7,714,389.31	6800	30,057,025.94
Depreciation and amortization	P-3	7000	8,373,375.26	7000	30,820,675.56
Total operating expenses		7199	110,620,905.83	7199	417,175,384.48
Operating profit or loss		7999	9,164,893.30*	7999	23,428,626.18
<b>NONOPERATING INCOME AND EXPENSE-NET</b>					
	P-3	8100	2,676,805.48*	8100	9,240,601.13*
Net income before income taxes		8999	11,841,698.78*	8999	14,188,025.05
<b>INCOME TAXES FOR CURRENT PERIOD</b>					
		9100	2,955,814.58*	9100	3,108,185.42
Net income before special items		9499	8,885,884.20*	9499	11,079,839.63
<b>SPECIAL ITEMS</b>					
Special income credits and debits (net)	P-4	9706	-	9706	-
Special income tax credits and debits (net)	P-1	9707	-	9707	-
Net income after special items		9799	8,885,884.20*	9799	11,079,839.63
<b>UNAPPROPRIATED RETAINED EARNINGS:</b>					
Beginning of period		9840	-	9840	-
Cash dividends and other asset distributions	P-4	9830	-	9830	-
Stock dividends and retained earnings adjustments	P-4	9840	-	9840	-
End of period (including net income)		9899	-	9899	-

\* Denotes inverse amount in brackets \$100 - \$700, and \$900, denotes debit amount.

U.S. GOVERNMENT PRINTING OFFICE: 1972-347

INCOME STATEMENT		Air Carrier <u>Trans World</u>		Air Carrier <u>Trans World</u>	
Group II and Group III Air Carriers		Operation <u>Atlantic #</u>		Operation <u>Atlantic #</u>	
		Period Ended <u>December 31, 1971</u>		Period Ended <u>December 31, 1971</u>	
		Final		Final	
		QUARTER		12 MONTHS TO DATE	
OPERATING REVENUES					
REF.					
<b>TRANSPORT:</b>					
Passenger	P-3	3901	64,445,211.24	3901	288,781,689.48
United States mail	P-3	3902	4,440,065.51	3902	13,815,084.24
Foreign mail	P-3	3903	358,109.32	3903	1,245,147.24
Property	P-3	3906	12,000,331.57	3906	39,052,135.05
Charter and special	P-3	3907	6,208,573.52	3907	24,148,181.19
Other	P-3	3919	183,518.97	3919	553,085.20
Total transport revenues		3999	87,636,150.13	3999	367,595,322.40
<b>NONTRANSPORT:</b>					
Federal subsidy		4100	-	4100	-
Incidental revenue (net)	P-4	4600	1,495,074.20	4600	4,109,344.38
Total nontransport revenues		4900	1,495,074.20	4900	4,109,344.38
Total operating revenues		4999	89,131,224.33	4999	371,704,666.78
<b>OPERATING EXPENSES</b>					
Flying operations	P-5.2	5100	1,881,568.35	5100	92,237,541.16
Maintenance	P-6	5400	14,561,842.00	5400	50,062,867.46
Passenger service	P-6	5500	10,762,659.01	5500	42,487,747.75
Aircraft and traffic servicing	P-7 & P-8	6400	14,044,135.81	6400	52,632,576.53
Promotion and sales	P-7 & P-8	6700	15,421,120.71	6700	58,862,074.57
General and administrative	P-7	6800	7,208,287.30	6800	24,317,847.29
Depreciation and amortization	P-3	7000	7,921,354.45	7000	24,545,825.47
Total operating expenses		7199	61,701,067.67	7199	345,150,379.23
Operating profit or loss		7999	2,660,543.34*	7999	26,554,287.55
<b>NONOPERATING INCOME AND EXPENSE-NET</b>	P-3	8100	1,952,483.32*	8100	7,101,297.68*
Net income before income taxes		8999	4,652,326.66*	8999	14,452,989.87
<b>INCOME TAXES FOR CURRENT PERIOD</b>		9100	8,394,000.00*	9100	4,929,000.00
Net income before special items		9999	3,724,673.34	9999	14,523,989.87
<b>SPECIAL ITEMS:</b>					
Special income credits and debits, net	P-4	9796	-	9796	-
Special income tax credits and debits, net	P-4	9797	-	9797	-
Net income after special items		9999	3,724,673.34	9999	14,523,989.87
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		2940		2940	
Beginning of period		9810		9810	
Cash dividends and other asset distributions	P-4	9830		9830	
Stock dividends and retained earnings adjustments	P-4	9840		9840	
End of period (including net income)		9999		9999	

\*Positive income amount in accounts 9300-9700, and 9940, denotes debit amount.

Revised May, 1972

U. S. GOVERNMENT PRINTING OFFICE: 509-348

INCOME STATEMENT		Air Carrier <u>Trans World</u>		Air Carrier <u>Trans World</u>	
Group II and Group III Air Carriers		Operation <u>Atlantic</u>		Operation <u>Atlantic</u>	
		Period Ended <u>December 31, 1970</u>		Period Ended <u>December 31, 1970</u>	
		<u>Final</u>		<u>Final</u>	
REVENUES	REF.	QUARTER		12 MONTHS TO DATE	
TRANSPORT:					
Passenger .....	P-3	3901	51,039,325.36	3901	263,483,720.93
Freight .....	P-3	3902	3,903,368.40	3902	12,969,334.21
Foreign mail .....	P-3	3903	162,554.61	3903	620,783.71
Property .....	P-3	3906	9,773,757.93	3906	35,125,402.61
Charter and special .....	P-3	3907	3,665,525.12	3907	17,183,836.89
Other .....	P-3	3919	141,078.93	3919	335,737.40
Total transport revenues .....		3999	68,685,610.35	3999	329,718,815.75
NONTRANSPORT:					
Federal subsidy .....		4100	-	4100	-
Incidental revenues (net) .....	P-4	4600	931,854.99	4600	2,933,477.98
Total nontransport revenues .....		4900	931,854.99	4900	2,933,477.98
Total operating revenues .....		4999	69,617,465.34	4999	332,652,293.73
OPERATING EXPENSES					
Flying operations .....	P-5.2	5100	19,620,935.15	5100	87,901,370.55
Maintenance .....	P-6	5400	9,481,482.14	5400	38,054,979.13
Passenger service .....	P-6	5500	9,096,962.72	5500	37,867,397.86
Aircraft and traffic servicing .....	P-7 & P-8	6400	12,160,259.09	6400	49,590,213.94
Promotion and sales .....	P-7 & P-8	6700	13,890,567.48	6700	57,405,794.27
General and administrative .....	P-7	6800	5,595,333.71	6800	20,509,880.18
Depreciation and amortization .....	P-3	7000	7,033,273.90	7000	25,221,391.18
Total operating expenses .....		7199	76,878,814.19	7199	316,551,027.11
Operating profit or loss .....		7999	7,261,348.85*	7999	16,101,266.62
NONOPERATING INCOME AND EXPENSE-NET .....	P-3	8100	1,396,838.28*	8100	1,995,586.29*
Net income before income taxes .....		8999	8,658,187.13*	8999	14,105,680.33
INCOME TAXES FOR CURRENT PERIOD					
Net income before special items .....		9100	2,599,000.00*	9100	3,804,000.00
		9999	6,059,187.13*	9999	10,301,680.33
SPECIAL ITEMS:					
Special income credits and debits (net) .....	P-4	9706	-	9706	-
Special income tax credits and debits (net) .....	P-4	9797	-	9797	-
Net income after special items .....		9799	6,059,187.13*	9799	10,301,680.33
UNAPPROPRIATED RETAINED EARNINGS:					
Beginning of period .....		2940		2940	
Cash dividends and other asset distributions .....	P-4	9830		9830	
Dividends and retained earnings adjustments .....	P-4	9840		9840	
End of period (including net income) .....		9899		9899	

\*Denotes inverse amount; in accounts 8100, 9700, and 2940, denotes debit amount.

U.S. GOVERNMENT PRINTING OFFICE: 1970-374-504

IN RESPONSE TO QUESTION NUMBER 30

TWA costs on Transatlantic Routes are higher than its costs on Domestic Transcontinental Routes such as New York-Los Angeles and New York-San Francisco. To illustrate this we have selected to show in the attachment both aircraft operating costs and variable passenger related costs, for two of TWA's aircraft types which are operated over both routes - TWA's B-707-331B and TWA's B-747-131. This analysis does not represent TWA's total fully allocated costs for these equipment types on these routes, nor TWA's actual costs for operations over the two categories of routes. TWA operates other aircraft types domestically on the Transcontinental routes, as the L-1011 and the B-707-131B which it does not operate internationally. The analysis is only intended to show the cost variances between the two routes for comparable aircraft types.

TWA's higher transatlantic aircraft operating costs are primarily due to 1) higher fuel costs - TWA's cost per gallon of fuel internationally in 1974 is approximately 60% higher than its domestic costs. 2) higher crew pay - TWA has more senior crews receiving higher pay in international operations and 3) higher landing fees.

TWA's higher transatlantic variable passenger related costs are primarily due to 1) higher selling costs - considerably more of TWA's international traffic is commissionable than its domestic traffic and 2) food and beverage costs - due to the long trip length internationally.

COMPARISON OF TWA AIRCRAFT OPERATING AND VARIABLE PASSENGER  
RELATED COSTS

TRANSCONTINENTAL ROUTES Vs. TRANSATLANTIC ROUTES  
1974

	Domestic <u>Transcontinental</u>	International <u>Transatlantic</u>	Variance International <u>Over Domestic</u>
<u>Aircraft Operating Cost</u> <u>Per Aircraft Mile</u>			
B-707-331B	\$3.172	\$4.073	\$ .901
B-747-131	7.448	8.529	1.081
 <u>Variable Passenger Related</u> <u>Costs Per Aircraft Mile</u> <u>@ 55% Load Factor</u>			
B-707-331B	\$ .349	\$ .510	\$ .161
B-747-131	.877	1.325	.448
 <u>Aircraft Operating Costs and</u> <u>Variable Passenger Related</u> <u>Costs Per Available Seat Mile</u>			
B-707-331B	\$ .024	\$ .032	\$ .008
B-747-131	.023	.027	.004

IN RESPONSE TO QUESTION NUMBER 33

TWA is authorized by the Civil Aeronautics Board to provide service on an unrestricted basis between the California cities of Los Angeles and San Francisco/San Jose/Oakland. The state of California and the courts, fully recognizes TWA's authority to serve these California markets and the Civil Aeronautics Board jurisdiction as these markets involve interstate air transportation.

TWA provides frequent jet commuter service between Los Angeles and San Francisco, however, in recent periods all of TWA's flights providing this service have also been involved in beyond routings with interstate and foreign air transportation.

TWA is able to match the fares of the intrastate carriers of California, Pacific Southwest (PSA) and Air California (AC), as the courts have determined. The Civil Aeronautics Board approves, as required, intrastate local fares, upon request to meet competition, even though they undercut the fare structure established by them to be reasonable in interstate air transportation. TWA is required to file tariffs for local intrastate California travel with the Public Utilities Commission (PUC) of the State of California.

TWA in many cases during the last few years has not kept up to date with fare increases filed with the PUC by PSA and AC, due to the extremely expensive procedure of filing for a tariff change which would include a filing with both the PUC and the Civil Aeronautics Board and the fact that the changes as filed by PSA and AC would not result in significant revenue gains for TWA to offset the cost of filing. TWA, thus, has been often the carrier offering the lowest air fares between Los Angeles and San Francisco in the past two years.

TWA's profitability of service provided in the Los Angeles-San Francisco market has not been viable. These results are not dissimilar to other carriers serving the market including PSA. This is evidenced by PSA's recent numerous petitions for intra-California fare increases.

TWA's profitability in this market is shown in TWA's most recent application to the PUC to match PSA's fare increase in the market filed on September 19, 1974 (attached). Exhibit II of that application indicates TWA profitability in the market as calculated under proscribed Civil Aeronautics Board rate costing procedures which are accepted by the California PUC. That exhibit shows TWA experienced a fully allocated loss of \$3.2 million in 1973. TWA does not have readily available its profitability on a DOC or incremental basis.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of TRANS WORLD AIRLINES, )  
INC., for authority to increase ) No. \_\_\_\_\_  
certain intrastate passenger fares. )  
\_\_\_\_\_)

By this application, TRANS WORLD AIRLINES, INC., herein-  
after referred to as "applicant", seeks authority, pursuant to  
General Order No. 105A of the Commission, to increase its intra-  
state jet commuter passenger fares in the manner and to the extent  
set forth herein. The increased jet commuter fares for which  
authority is sought correspond to those applicable between com-  
petitive points authorized to Pacific Southwest Airlines ("PSA")  
by Decision No. 83415 dated September 4, 1974 on PSA's Application  
No. 54387. In support of this application, applicant alleges as  
follows:

I.

The full name of applicant is Trans World Airlines, Inc.  
Applicant is a corporation, incorporated under the laws of the  
State of Delaware, having its principal place of business at  
605 Third Avenue, New York, New York. A certified copy of ap-  
plicant's Articles of Incorporation are on file with the Commission  
in Application No. 39809.

## II.

Communications with respect to this application are to be sent to:

Mr. Raymond R. Fletcher, Jr.  
Vice President and General Counsel  
Trans World Airlines, Inc.  
605 Third Avenue  
New York, New York 10016

Mr. W. T. Iagow  
Staff Vice President - Pricing  
Trans World Airlines, Inc.  
605 Third Avenue  
New York, New York 10016

Mr. John I. Adams  
Director - Economic Proceedings  
Trans World Airlines, Inc.  
Kansas City Administrative Center  
Kansas City, Missouri 64153

## III.

Applicant is engaged in intrastate and interstate air transportation of passengers, property and mail. It also performs international air service between the United States and various points in Europe, the Near East and Asia. Its intrastate services in California include service to and from Los Angeles, San Francisco and Oakland. Applicant utilizes for its California intrastate passenger operations Boeing 727, 707 and 747 equipment as well as L-1011 equipment. Applicant operates passenger ticket offices and passenger and freight terminal facilities within the State. For a description of applicant's property and equipment within



the State of California, reference is made to Application No. 51511 and proceedings therein before this Commission.

IV.

Applicant's present jet commuter fares between Los Angeles, San Francisco and Oakland were authorized by Decision No. 82909 dated May 29, 1974. These fares became effective June 5, 1974. By Decision No. 81752 dated August 14, 1973, applicant was authorized to apply and collect on an interim basis a surcharge of 34 cents per passenger for the purpose of enabling applicant to recover the costs of special security precautions required by the Federal Aviation Agency. By Decision No. 82190 dated December 4, 1973, applicant was authorized to apply and collect from each intrastate passenger an additional 12 cents for the purpose of defraying the airport operators cost of providing law enforcement officers at passenger screening points.

V.

The present and proposed intrastate jet commuter fares, the applicable tax and the resulting amount of increase proposed are set forth in Exhibit I attached hereto.

VI.

By Decision No. 83415 dated September 4, 1974, the Commission granted PSA authority to increase on an interim basis its

its intrastate jet fares between Los Angeles and San Francisco by 4 percent (exclusive of passenger screening and law enforcement officer surcharges). It is well settled that the Commission has historically considered PSA to be the ratemaking carrier in the California intrastate jet commuter market.<sup>1/</sup> In addition, the Commission has noted in prior decisions, that competition between Western Airlines, PSA, United and the applicant will not permit one of them to maintain commuter air fares substantially different from those of its competitors.<sup>2/</sup>

Applicant believes that the public interest would be served by maintaining uniformity of fares among air carriers offering similar commuter services in the affected market. Such uniformity of fares would maintain historical fare relationships among the major carriers providing intrastate service within California.

#### VII.

By reason of the relatively short distance involved and the effect of PSA's fares upon applicant's fares, applicant's services within California have been conducted at an operating loss. Attached hereto as Exhibit 2 is a summary of the applicant's losses from operations, both interstate and intrastate, on this

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<sup>1/</sup> See Decision Nos. 81921 (Western Air Lines, Inc. and 81922 (United Air Lines, Inc.) wherein the Commission notes that PSA is the faremaking carrier in the California corridor.

<sup>2/</sup> Cf. Decision No. 78206 in Application No. 52361 (Western Airlines, Inc.); Decision No. 75899, in Application No. 50847 (PSA).

route for the twelve months ended December 31, 1973. On the basis of traffic during the twelve months ended December 31, 1973, application of the proposed fares to the Los Angeles-San Francisco route would have resulted in a revenue increase as set forth in Exhibit 3 hereto.

## VIII.

In view of the operating losses now being incurred by applicant from its California intrastate jet commuter/coach operations over the routes involved and the desirability of maintaining a parity of jet commuter fares published by applicant and PSA, respectively, the Commission is requested to act on this application without a hearing.

## IX.


In compliance with the Commission's rules, applicant is mailing a copy of this application to each of the parties named in the attachment hereto.

WHEREFORE, applicant, TRANS WORLD AIRLINES, INC., respectfully prays the Commission to issue its order finding that the fares proposed herein are reasonable and authorizing them to become effective on two (2) days' notice to the Commission and to the public and to grant such other and further relief as may be appropriate.

Dated at New York, New York, this nineteenth day  
of September, 1974.

Respectfully submitted,

TRANS WORLD AIRLINES, INC.


By   
Raymond R. Fletcher, Jr.  
Vice President and  
General Counsel

VERIFICATION

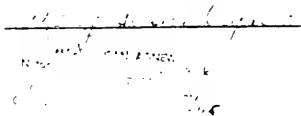
STATE OF NEW YORK )  
 ) ss:  
 COUNTY OF NEW YORK)

Raymond R. Fletcher, Jr., being first duly sworn, deposes  
 and says:

That he is an officer, to wit, Vice President and General  
 Counsel, of the applicant in the above proceeding; that he has read  
 the foregoing application and knows the contents thereof; and that  
 the same is true of his own knowledge except to matters stated on  
 information or belief, and that as to those matters he believes it  
 to be true.

  
 Raymond R. Fletcher, Jr.  
 Vice President and  
 General Counsel

Subscribed and sworn to  
 before me this / day  
 of , 1974.

  
 NOTARY PUBLIC  
 STATE OF NEW YORK

LIST OF PARTIES TO WHOM APPLICATION HAS BEEN SENT

Air California, Inc.  
Urbana Square  
Corona Del Mar  
California 92625

Hughes Air West, Inc.  
San Francisco Int'l. Airport  
San Francisco  
California 94128

American Airlines, Inc.  
633 Third Avenue  
New York  
New York 10017

Cable Commuter Airlines  
Cable Airport  
Upland  
California 91786

Delta Air Lines, Inc.  
Atlanta Airport  
Atlanta  
Georgia 30320

Los Angeles Airways, Inc.  
5901 West Imperial Highway  
Los Angeles  
California 90045

National Air Lines, Inc.  
Post Office Box 2055  
Miami  
Florida 33159

Pacific Southwest Airlines  
Lindberg Field  
San Diego  
California 92101

San Francisco & Oakland  
Helicopter Airlines, Inc.  
Post Office Box 2525  
International Airport  
Oakland, California 94614

Golden Pacific Airlines, Inc.  
San Francisco Int'l. Airport  
San Francisco  
California 94128

United Air Lines, Inc.  
P. O. Box 66100  
Chicago  
Illinois 60666

Western Air Lines, Inc.  
6060 Avion Drive  
Los Angeles  
California 90045

Governor  
State of California  
Sacramento  
California

Mayor  
City of Los Angeles  
Los Angeles  
California

Mayor  
City of Oakland  
Oakland  
California

Board of Supervisors  
Los Angeles County Courthouse  
Los Angeles  
California

Board of Supervisors  
Alameda County Courthouse  
Oakland  
California

Mayor  
City of San Francisco  
San Francisco  
California

Mayor  
City of San Jose  
San Jose  
California

Board of Supervisors  
Santa Clara County Courthouse  
San Jose  
California

Board of Supervisors  
San Francisco County Courthouse  
San Francisco  
California

## Exhibit 1

## TRANS WORLD AIRLINES, INC.

Domestic Scheduled Service - Passenger

## TWA'S PRESENT AND PROPOSED

INTRASTATE FARES

	JET COMMUTER				
	Present Fare		Proposed Fare		
	Fare	Security Surcharge Tax	Total	Fare	Security Surcharge Tax
Between:					
Los Angeles and Oakland	\$18.06	\$ .46	\$1.48	\$20.00	\$18.75
				\$ .46	\$1.54
San Francisco	\$18.06	\$ .46	\$1.48	\$20.00	\$18.75
				\$ .46	\$1.54
					\$20.75
					\$20.75



Exhibit 2

## TRANS WORLD AIRLINES, INC.

## Profit and Loss Statement

Domestic Scheduled Service - Passenger  
 Los Angeles - San Francisco  
 Year Ended December 31, 1973

(\$000)

<u>Description<sup>1/</sup></u> (1)	<u>Amount</u> (2)
<u>Operating Revenues</u>	
Passenger	\$ 6,690
Cargo	680
Other <sup>2/</sup>	<u>584</u>
Total Operating Revenue	\$ 7,954
<u>Operating Expenses</u>	
Capacity (Except Fuel & Oil)	\$ 5,469
Fuel and Oil	3,105
Noncapacity	<u>2,577</u>
Total Operating Expense	\$11,151
<u>Operating Profit/(Loss)</u>	<u>(\$ 3,197)</u>

1/ Operating expenses and revenues, as shown, are actual and have not been normalized so as to eliminate the impact of the TWA work stoppage which occurred during the period November 4, 1973 to December 18, 1973. However, had such data been adjusted, the operating loss, as shown, would not have been materially affected.

2/ Includes excess baggage and incidental revenue.

## TRANS WORLD AIRLINES, INC.

## Domestic Scheduled Service - Passenger

EFFECT OF THE PROPOSED FARE CHANGES ON  
REVENUES FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1973LOS ANGELES - SAN FRANCISCO MARKET  
(NOT STRIKE ADJUSTED)

Present Fare	\$ 18.06
Proposed Fare	18.75
Revenue Increase per Passenger	.69
On-Board Passengers - Year End 12/31/73	305,147
% Intrastate of Total <sup>1/</sup>	16.4%
Intrastate Passengers	50,044
Revenue Increase for Year Ended 12/31/73	\$ 34,530

Estimates of Strike Adjusted On-Board Passenger Volume

On-Board Passengers - Year End 12/31/73	348,000
% Intrastate of Total <sup>1/</sup>	16.4%
Intrastate Passengers	57,070
Revenue Increase for Year Ended 12/31/73	\$ 39,378

<sup>1/</sup> Percentage of intrastate passengers to on-board passengers in this market.

NOTE: Passengers traveling Oakland-Los Angeles must travel over the San Francisco-Los Angeles segment and are included as on-board passengers. Thus, revenue increases from fares in the Oakland market are included in the above calculation.

IN RESPONSE TO QUESTION NUMBER 34

The attached documents provide a detailed discussion of the factors which are involved with airline scheduling, including how the volume of capacity and number of frequencies are determined. Although the first document was published some time ago, its basic content as to the factors involved with scheduling are still valid. Since the major change which has occurred in the industry since then has been the quantum increase in size or capacity of aircraft, the second document provides a detailed analysis of that aspect in the present day environment.

In addition, in our response to question number 6, we have provided TWA's testimony in the "Capacity Reduction Agreement Case", (CAB Docket 22908), which also discusses aspects of scheduling in the present day.

The last document is an exhibit TWA filed in the "Capacity Reduction Agreement Case" (CAB Docket 22908) which responds to how TWA determines its promotion allocation.

["Airline Scheduling" by the Air Transport Association (1961)  
and the other two items attached here are omitted as too lengthy  
for inclusion.]

IN RESPONSE TO QUESTION NUMBER 35

Domestically, TWA basically provides two classes of service on all routes: First Class Service and Coach Service. In addition, on certain routes between certain hours, TWA provides Deluxe Night Coach and Night Coach. TWA also provides Economy Class service between Chicago and Los Angeles, Chicago and Denver, and Kansas City and Los Angeles; Economy Thrift service between Los Angeles and Honolulu; and Jet Commuter service between Los Angeles and San Francisco.

In October 1973, TWA provided a Demand Scheduling class of service on certain designated flights in eight transcontinental markets: Boston/New York/Philadelphia/Baltimore/Washington-Los Angeles/San Francisco. Since July 1974, TWA has offered Demand Scheduling fares on its regularly scheduled flights in these same markets.

Internationally TWA provides First Class Service and Economy Service on all routes.

IN RESPONSE TO QUESTION NUMBER 36

The determination of which routes and which flights have a particular classification of in-flight service are made on the basis of time of day the flight operates, the flight direction, the duration of the flight stage and the type of aircraft scheduled. TWA's Passenger Service Programs Department and Flight Attendant Services Department makes these determinations.

IN RESPONSE TO QUESTION NUMBER 40

TWA estimates its expenses for regulatory matters to be approximately \$100,000 a year excluding legal fees. TWA estimates its Congressional Lobbying expenses each year to be approximately \$1000.

IN RESPONSE TO QUESTION NUMBER 41

TWA's total number of revenue passenger enplanements is shown in the table below as reported to the Civil Aeronautics Board monthly on CAB Form 41's, Schedule T-1, and quarterly on Schedule T-3.

TWA REVENUE PASSENGER ENPLANEMENTS  
1972 - 1973 - Jan.-Sep. 1974

	<u>TWA Revenue Passenger Enplanements</u>		
	<u>Scheduled Service</u>	<u>Non-Scheduled Service</u>	<u>Total</u>
	<u>(000)</u>	<u>(000)</u>	<u>(000)</u>
<u>1972</u>			
Domestic	13,008	45	13,053
International	2,549	488	3,037
System	15,587	533	16,090
<u>1973*</u>			
Domestic	11,789	112	11,901
International	2,359	413	2,772
System	14,148	525	14,673
<u>1974(Jan.-Sep.)</u>			
Domestic	10,236	139	10,375
International	1,729	257	1,986
System	11,965	396	12,361

\*TWA operations affected by ALSSA strike - November 5, 1973 through December 18, 1973.

IN RESPONSE TO QUESTION NUMBERS 42 and 43

Defining a flight as an aircraft departure from one airport flying to another airport on a non-stop basis, the table below shows the number of TWA flights scheduled to be operated, and the total number of TWA flights operated in scheduled service, including extra sections. This information is reported monthly and quarterly to the Civil Aeronautics Board on CAB Form 41.

TWA SCHEDULED FLIGHT DEPARTURES  
1972 - 1973 - Jan. - Sep. 1974

	Number of TWA Flights <u>Scheduled</u>	Number of TWA Flights Operated <u>In Scheduled Service</u>
<u>1972</u>		
Domestic	282,873	280,645
International	<u>33,544</u>	<u>33,599</u>
System	316,417	314,244
<u>1973*</u>		
Domestic	256,577	253,955
International	<u>31,338</u>	<u>31,041</u>
System	287,915	284,996
<u>1974(Jan. - Sep.)</u>		
Domestic	195,356	194,419
International	<u>24,773</u>	<u>24,374</u>
System	220,129	218,793

\* TWA operations affected by ALSSA strike - November 5, 1973 through December 18, 1973.



IN RESPONSE TO QUESTION NUMBER 44

TWA had the following number of persons employed with the primary duty of investigating or handling passenger problems:

	<u>No. of Employees</u>
1972	34
1973	36
1974 (Jan.-Sep.)	35

In addition to the above which represent staff personnel, it is conservatively estimated that 159 line employees are engaged in consumer problems as a "primary" function.

IN RESPONSE TO QUESTION NUMBER 45

TWA had the following number of compliments and complaints (comments) recorded:

	<u>No. of Comments</u>
1972	35,576
1973	37,065
1974 (Jan.-Sep.)	34,237

IN RESPONSE TO QUESTION NUMBER 46

TWA had the following number of complaints recorded:

	<u>No. of Complaints</u>
1972	21,605
1973	20,379
1974 (Jan.-Sep.)	19,161

IN RESPONSE TO QUESTION NUMBER 47

TWA's budget for customer relations/consumer affairs activities (excluding the amount paid for claims) was as follows:

	<u>Budget</u>
1972	\$479,231
1973	\$459,643
1974 (Jan.-Sep.)	\$425,278

The above expenditures apply only to staff functions. We are unable to provide dollar figures related to the other 159 personnel in line functions mentioned in the answer to question No. 44.

IN RESPONSE TO QUESTION NUMBER 48

TWA paid the following amount in claims or other monetary settlements:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Miscellaneous Traffic Handling Expenses	N/A	\$2,654,034	\$1,997,240
Baggage Related Expenses	N/A	3,256,774	2,273,401
Service Settlements	N/A	<u>273,278</u>	<u>183,338</u>
		\$6,184,086	\$4,453,979

N/A - Not Available prior to January 1, 1973.

IN RESPONSE TO QUESTIONS NUMBER 49 AND 50

TWA does not keep records on the percentage of the complaints received that requested some form of monetary reimbursement. Nor does TWA keep records of the percentage of complaints that were settled with some form of monetary reimbursement.

IN RESPONSE TO QUESTION NUMBER 51

TWA will waive its tariffs in order to settle complaints from mishandled passengers only by court order where our tariffs are overruled. This has been common for actions in California's small claims courts.

IN RESPONSE TO QUESTION NUMBER 52

When complaints are received by TWA, the following measures are taken to prevent recurrences.

Copies of all complaints are forwarded to local Supervision for corrective measures as indicated. On serious complaints, a thorough investigation with local managements at the source of the incident is made. Coordination with various Staff functions advising them of complaint trends. Publication of monthly Customer Reaction Report with system-wide distribution highlighting actual and potential complaint areas. Special newsletters and system teletype messages as required. Station visits and seminars by staff personnel.



IN RESPONSE TO QUESTION NUMBERS 53 AND 95

TWA finds that the following are the most frequent types of passenger complaints:

Flight operations complaints which include cancelled flights, delays or interrupted flights are currently running at 15% of the total complaints received during the period January 1, 1974 to October 1, 1974. During 1973, 16% of all complaints fell into this category. Many complainants failed to recognize that delays due to weather or ATC are not within the control of the airline. Our passenger handling related to Inconvenienced Passengers due to flight operations caused 11% of the complaints received in the first nine months of 1974.

TWA's manuals are enclosed in a separate attachment. They are entitled Passenger Sales and Services Manual.

IN RESPONSE TO QUESTION NUMBER 54

TWA mishandled the following number of pieces of luggage:

	<u>Number of Pieces</u>	<u>% of Total Handled</u>
1972	139,996	0.580%
1973	143,865	0.654
1974 (Jan.-Sep.)	115,882	0.625

The above figures include lost bags, damaged bags and only pilfered bag claims as handled by Staff Customer Relations. We are unable to provide information regarding the number of delayed bags.

IN RESPONSE TO QUESTION NUMBER 55

TWA lost the following number of pieces of luggage:

	<u>Number of Pieces</u>	<u>% of Total Handled</u>
1972	4,083	0.017%
1973	4,962	0.023
1974 (Jan.-Sep.)	2,844	0.015

IN RESPONSE TO QUESTION NUMBER 56

TWA is unable to provide information concerning the number of delayed bags.

IN RESPONSE TO QUESTION NUMBER 57

TWA damaged the following number of pieces of luggage:

	<u>Number of Pieces</u>	<u>% of Total Handled</u>
1972	26,686	0.111%
1973	24,473	0.111
1974 (Jan.-Sep.)	20,424	0.110

IN RESPONSE TO QUESTION NUMBER 58

TWA had the following number of pieces of luggage pilfered:

	<u>Number of Pieces</u>	<u>% of Total Handled</u>
1972	870	0.0036%
1973	738	0.0034
1974 (Jan.-Sep.)	469	0.0025

IN RESPONSE TO QUESTION NUMBER 59

TWA spent the following amounts to settle claims for mishandled luggage:

1972	N/A
1973	\$3,256,774
1974 (Jan.-Sep.)	\$2,273,401

These figures include all baggage-related expenses - loss, damage, pilferage, temporary expenses, etc.

IN RESPONSE TO QUESTION NUMBER 60

TWA spent the following amounts to pay claims for lost luggage:

	<u>Permanent Loss</u>	<u>Temporary Loss</u>	<u>Total</u>
1972	N/A	N/A	N/A
1973	\$1,199,032	\$217,088	\$1,416,120
1974 (Jan.-Sep.)	\$ 734,523	\$138,324	\$ 872,847



IN RESPONSE TO QUESTION NUMBER 61

TWA spent the following amounts to pay claims for damaged luggage:

1972	\$716,058
1973	\$862,946
1974 (Jan.-Sep.)	\$659,327

IN RESPONSE TO QUESTION NUMBER 62

TWA cannot isolate the amount spent to repair damaged luggage from the amount spent to pay claims for damaged luggage provided in our answer to question 61.

IN RESPONSE TO QUESTION NUMBER 63

TWA spent the following amounts to pay pilferrage claims:

1972	N/A
1973	\$128,716
1974 (Jan.-Sep.)	\$101,805

IN RESPONSE TO QUESTION NUMBER 64

TWA spent the following amounts to pay claims for delayed bags:

1972	N/A
1973	\$1,044,779
1974 (Jan.-Sep.)	\$ 767,850

These amounts include temporary settlement as well as bag delivery charges.

IN RESPONSE TO QUESTION NUMBER 65

TWA spent the following amounts to deliver delayed bags to passengers;

	<u>Amount</u>
1972	N/A
1973	\$827,691
1974 (Jan.-Sep.)	\$629,526

IN RESPONSE TO QUESTION NUMBERS 66 THROUGH 69

TWA does not keep records on:

- a) Percentage of the number of claims received exceeding the maximum liability limits specified in the tariffs;
- b) The number of claims that were denied because the baggage or its contents were unacceptable;
- c) The percentage of claims that were paid in full;
- d) The percentage of claims that were denied completely.

IN RESPONSE TO QUESTION NUMBER 70

Baggage is accepted from the passenger at point of check-in on the assumption that baggage belongs to him. The passenger is provided with a claim check stub upon surrendering the baggage to TWA and this serves as his proof of ownership at the point of reclamation.

IN RESPONSE TO QUESTION NUMBER 71

The exhibit attached is TWA's formal policy of acceptability of checked baggage. No copies of tariffs or of company policies are provided to customers, routinely, though they are available upon request.

If in the opinion of the employee assigned the duty of checking in passengers and baggage, a piece of luggage does not meet the criteria for the acceptability of checked luggage, the matter is discussed with the passenger and the use of either of the two attached tags is employed. A new ticket envelope outlining the conditions of acceptance will be placed in use March 1975.

PAS-3506 (3-74) PRINTED IN U.S.A.

**TRANS WORLD AIRLINES  
RECEIVED  
DAMAGED**

<input type="checkbox"/> HANDLE BROKEN	<input type="checkbox"/> STRAP BROKEN
<input type="checkbox"/> TORN	<input type="checkbox"/> DENT
<input type="checkbox"/> SCRATCH	
<input type="checkbox"/> OTHER _____	
LOCATION OF DAMAGE	
<input type="checkbox"/> TOP	<input type="checkbox"/> BOTTOM
<input type="checkbox"/> SIDE	<input type="checkbox"/> END
DESCRIBE DAMAGE	
_____ _____	
PASSENGER'S SIGNATURE	
_____ _____	
TO	
_____ _____	
FLIGHT	
<b>TW 10-0503</b>	
TO	
_____ _____	
FLIGHT	
<b>TW 10-0503</b>	





## PASSENGER SALES AND SERVICES MANUAL

Sep-27-74

## + + BAGGAGE CHECK-IN

## A. GENERAL

1. Mishandling and damage to baggage both of which create unnecessary expense are avoidable. GIVE EACH PASSENGER'S BAGGAGE THE SAME CAREFUL HANDLING YOU WOULD WANT GIVEN YOUR BAGGAGE.
2. All baggage handling equipment must be inspected on a regular basis preferably monthly to correct any conditions which may cause damage. When defects are found the equipment must be removed from service until corrected. When inspection reveals major problems which can use systemwide changes, send recommendations to Ramp and Commissary Services or ATO/CTO Services in New York City.
3. Each piece of checked baggage will be tagged with the proper tag. Full responsibility for correct tagging of baggage shall be worn by the agent or skycap.
4. Issuance of baggage tags will be performed by TW personnel and authorized contract agents only. When counters or carts are left unattended, all baggage tags must be secured, e. g., covered to prevent access and use by unauthorized persons.
5. The Tariff and ATC/IATA rules where applicable must be followed. TWA agents are responsible for correct application of these rules.
6. Once a claim stub has been given to the passenger in exchange for his baggage, TWA assumes FULL responsibility for carriage including prevention of loss and/or damage.
7. Baggage will be accepted for check-in only if it will contain and prevent damage to the contents. Cardboard boxes, paper bags and similar nondurable material are not acceptable. In addition, certain items which allow contents to be exposed are not acceptable. If the passenger insists upon carriage, refer to Section 15.32 this manual for procedures.
8. Items which will cause damage to other baggage will be refused unless those items are properly packed.
9. Restricted articles may not be carried as checked baggage unless packing is approved by qualified TWA personnel. See Paragraph G. following.
10. Wheels, whenever possible, must be removed from all suitcases.
11. Extremely heavy or bulky articles should be handled by air freight.
12. Special containers are provided by TWA for certain types of baggage and should be used. See Paragraph B. following.
13. Pets may be CHECKED on TWA ROUTES only.
14. Baggage must be accompanied by the passenger.

## B. COURTESY CONTAINERS

1. Courtesy containers are provided to help prevent damages. These containers are provided free without charge.
2. Local conditions will determine the number of containers to be kept on hand.
3. Refer to the Office Procedures Supply and Forms Manual (OPSFM) for ordering these items.

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TRANS WORLD AIRLINES, INC.

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## ➔ ➔ BAGGAGE CHECK-IN

## B. COURTESY CONTAINERS (Cont'd)

## 4 CONTAINERS

	P/N	NAME	SIZE
a.	4096	Guitar	59 3/4" x 48 3/4" (tapered) - (149cm x 122cm)
b.	4097	Large	20" x 16" x 12" (50cm x 40cm x 30cm)
c.	4098	Small	12" x 4 1/2" x 4 1/2" (30cm x 11cm x 11cm)
d.	4099	Sword	48" x 6" x 6" (120 cm x 15cm x 15cm)
e.	4102	Garment	42" x 23 3/8" x 5" (105cm x 58.5cm x 12.5cm)
f.	4104	Sky Kennel	
g.	4105	Underseat	19" x 15" x 6 1/2" (47.5cm x 37.5cm x 16cm)
h.	4107	Ski	(including ski poles)
i.	4108	Bicycles	
j.	4109	Ski Boot	

## C. BAGGAGE ALLOWANCES

## 1. FREE ALLOWANCES

## a. Domestic U. S. including HNL and GUM

- (1) No bag may exceed 150 pounds or 160 inches total dimensions. Baggage exceeding either limit must be handled as air freight.

NOTE: Baggage carried to and from the U. S. Mainland and HNL/GUM may not exceed 70 pounds or 80 inches.

- (2) Excess charges apply to any baggage exceeding 70 pounds or the dimensions listed below.  
 (3) All checked and carry-on baggage must be included in the count.  
 (4) Allowance, (each piece may not exceed 70 pounds):

- (a) 62 inches total dimensions  
 (b) 55 inches total dimensions.  
 (c) 45 inches total dimensions. This piece may be checked or carried.

## b. International

All baggage including carry-on with certain exceptions must be weighed

EXCEPTIONS: One umbrella, camera or binoculars, books for reading in flight, baby food, orthopedic devices, handbag and overcoat. (1) Economy passengers are allowed 44 pounds or 20 kilograms. (2) First class passengers and certain government and military tickets are allowed 66 pounds or 30 kilograms

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## C. BAGGAGE ALLOWANCES (Cont'd)

## 2. EXCESS CHARGES

## a. Domestic

- (1) The rate applies to EACH piece in excess.
- (2) Any piece which exceeds 70 pounds but is less than 150 pounds or which exceeds 80 inches but is less than 160 inches is charged twice the applicable rate. (Not applicable U. S. Mainland to and from HNL/GUM.)
- (3) Applicable rates are based upon the one-way adult coach fare.

Under \$25.00 — charge per piece is \$6.00.

\$25.01 to \$50.00 — \$7.00 per piece.

\$50.01 to \$120.00 — \$8.00 per piece.

\$120.01 to \$200.00 — \$9.00 per piece.

Over \$200.00 — \$10.00 per piece.

## b. International

- (1) There is no weight or size restriction, however, extremely heavy articles or bulky articles should be sent as air freight.
- (2) The charge per kilogram in excess is equal to one percent of the one-way adult first class fare.

## c. All animals are carried as excess and are not included in free allowance.

- (1) Domestic at twice the applicable domestic excess charge.

(a) Checked baggage.

(b) Cabin carriage rates are based upon the first class fare (see Section 03.44).

- (2) International is paid on the total weight of the container and animal.

## d. There are other items which have special excess rates applied. A list of these items both for domestic and international travel should be available to each agent at check-in locations

## D. EXCESS VALUATION

1. Excess valuation is the value attached to checked baggage which exceeds the value indicated by applicable Tariff (\$500 in United States travel and approximately \$20.00 per kilogram in international travel). This IS NOT INSURANCE but allows TWA to pay more than the prescribed limit in event of a total loss.
2. When excess valuation is declared, the agent will examine the baggage and record any visible damage using the Received Damaged Tag, Form PAS-3506. On the excess valuation coupon write "Received Damage Tag" and tag number(s).
3. Refer to Section 07.31 for proper ticket preparation.
4. Excess valuation MAY NOT be declared on pets.
5. Excess valuation applies only to baggage checked on TWA and may not be applied to interline transportation.

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## \* \* BAGGAGE CHECK-IN

## E. PETS

- 1 Refer to Section 15 60 for pets carried in aircraft hold as checked baggage
- 2 Refer to Section 03 44 for pets carried in the cabin of the aircraft.
- 3 INTERLINE transfer of pets IS PROHIBITED

## F. CLOSEOUT

- 1 Closeout limit will be established at every airport after which baggage should not be accepted at the counter or loading on the applicable flight. Because that time will depend upon the time taken for processing baggage through the outbound facility and loading it on the scheduled departure and may vary at each airport.
- 2 A ten minute minimum will be observed at all stations
- 3 Maximum cutoff times where required should be competitive.
- 4 The closeout time will be uniform throughout a given station
- 5 Passengers insisting on checking baggage after the closeout time are handled under the Voluntary Separation procedures (refer to Section 15 31)

## G. RESTRICTED ARTICLES CARRIAGE

1. Some items cannot be carried as checked baggage or within checked baggage or even within the aircraft. The following cover such carriage: IATA Resolution 308 CAB 17 Rules 90, 16C/Tariff 60, or Air Tariff 1, 801, Sections 4 and 7.
- 2 IATA RESOLUTION 308 RESTRICTED ARTICLES

For safety reasons, restricted articles such as those listed below, shall not be carried in passenger's baggage without consent of and prior arrangements with carrier, except that medicinal and toilet articles in small quantities which are necessary or appropriate for the passenger during the journey, such as hairsprays, perfumes and medicines containing alcohol may be carried without prior approval.

Compressed gases (flammable, nonflammable and poisonous)

Corrosives (such as acids, alkalis and wet cell batteries)

Explosives, munition, fireworks and flares

Flammable liquids and solids (such as lighter or heating fuels, matches and articles which are easily ignited)

Oxidizing materials (such as bleaching powder and peroxides)

Poisons, radioactive materials; other restricted articles (such as mercury, magnetized material, offensive or irritating materials)

- 3 A list of restricted articles should be available at each baggage check-in location

## H. FIREARMS (Refer to Section 01 15)

## I. BICYCLE CARRIAGE

## 1. GENERAL

- a Bicycles will be accepted for carriage provided they follow Paragraph 1.2. following.
- b TWA as with other specialty items maintains full liability for safe carriage and provides special vinyl bags, P/N 4108, in which the bicycle must be packaged

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## PASSENGER SALES AND SERVICES MANUAL

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## + + BAGGAGE CHECK-IN

## I. BICYCLE CARRIAGE (Cont'd)

## 2. ACCEPTANCE

- a. Handlebars are rotated 90 degrees
- b. Pedals turned inward or removed.
- c. All accompanying protrusions such as racks, baskets and baby seats are removed.
- d. Any sharp points must be wrapped or protected so that they will not cause damage to other baggage.
- e. Bicycles must be packed in a container provided by the passenger or the bicycle bag, P/N 4108.
- f. Bicycles will be carried at the single piece excess rate, domestic and included as part of the weight allowance, international.


## J. CHECK-IN

1. At most airports, baggage may be checked at the ticket counter, gate and curbside. In some cities, satellite check-in is available such as Kensington Terminal, London.
2. THE APPROPRIATE BAG TAGS SHALL BE USED
  - a. For travel solely on TWA and on one flight the Online Strap Check, Form PAS-270, or Open Destination Tag, PAS-350B, shall be used (refer to Sections 15.06 and 15.07). The specialized Received Damaged Tag, Form PAS-3506, will be used, when applicable.
  - b. For travel on two or more TWA flights with a connection, the Online Transfer Tag, Form PAS-270T, shall be used (refer to Section 15.08). The Received Damaged Tag will be used, when applicable.
  - c. For travel involving other carriers as part of the itinerary, only the Interline Transfer Tag, Form ATA63, shall be used (refer to Section 15.09).
3. Agents at station in groups A, B, E and F per the City Performance Report (CPR) are required to identify baggage tags completed by them through use of their initial, validated numbers or other locally assigned identifying mark (refer to Sections 15.06 thru 15.09 for location of the identification on the baggage tag).
4. TOUR GROUPS AND SPECIAL PARTY BAGGAGE
  - a. This is identified by using a rubber stamp or boldly printed notation in pencil, ink or grease pencil, the work tour.
  - b. At the destination the bags so identified are expedited through the claim area and/or through Customs to be grouped together for ease in identification by the tour group leader.
5. CHECKING BAGGAGE
  - a. All strap checks from previous trips must be removed from the baggage.
  - b. Select the correct tag (refer Paragraph J.2. preceding).
  - c. Baggage must be checked to the passenger's final ticketed destination with certain interline exceptions noted in Paragraph K. following.

#### J. CHECK IN (Cont'd)

### 5. CHECKING BAGGAGE (Cont'd)

- d. Passenger's baggage will accompany the passenger on the same flight.
- e. Coat hanger hooks or garment bag hangers must be secured with Baggage Tape, Form PAS-265. Baggage tags will be secured by inserting them between the neck of the hooks and below the tape. If garment bags are carried in boxes specifically provided, the above procedures are not necessary. The baggage tags will be secured to the outside of box.
- f. Baggage tag entries shall be made with a dark marking device except on carbonized Interline or Online transfer tags where entries must be made with ballpoint or hard lead pencils. **ENTRIES MUST BE LEGIBLE.**
- g. All bags checked by TWA must carry AT THE MINIMUM the initials of the owner on the outside. It is preferable that the passenger complete the entire identification label.
  - (1) The agent upon receiving the bag, if identification is not visible, shall give the owner enough name tags (Form PAS-2410 or other TWA provided tags) and request that he complete these labels so that they may be attached to the bag. Where ground hostess staffing is available, this should be the job of the ground hostess prior to the passenger reaching the check-in position
  - (2) Illustration (PAS-2410)



**TWA** \_\_\_\_\_ 

Name \_\_\_\_\_ Nombre \_\_\_\_\_ Nom \_\_\_\_\_

Address \_\_\_\_\_ Domicilio \_\_\_\_\_ Adresse \_\_\_\_\_

City-Ciudad-Ville \_\_\_\_\_ Country-Pais-Pays \_\_\_\_\_

Telephone \_\_\_\_\_ Telefono \_\_\_\_\_

**TWA**  

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_ HOME \_\_\_\_\_

DATE OF BIRTH \_\_\_\_\_ SEX \_\_\_\_\_ OCCUPATION \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ COUNTRY \_\_\_\_\_ PHONE \_\_\_\_\_

**AVIS**

- (3) The tag(s) should be placed on the top of the bag. If the passenger objects to labels on top or sides of the baggage, they will be placed on the bottom of the bag.
  - (4) Reservations and Sales Office personnel shall inform all passengers of their requirements for outside passenger identification and where possible supply identification tags.
- h. Articles which resemble air freight or air express shipments will be wrapped with Baggage Tape, Form PAS-265. Examples of such articles are: boxes, instruments carried in containers, wooden crates, etc. This step is extremely important during holiday seasons.

### (1) Illustration



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## ♦ ♦ BAGGAGE CHECK-IN

## J. CHECK-IN (Cont'd)

## 5. CHECKING BAGGAGE (Cont'd)

## h. (Cont'd)

- (2) Agent will apply baggage tape to any article checked as baggage and resembling air cargo.
- (3) A regular baggage tag will be tied securely or affixed with baggage tape on the outside of the article

- i. Agent who tags the baggage shall direct the passenger's attention to the number of bags checked, the routine of the baggage, transfer points, flight numbers and destinations. Agents will look at the claim checks when reciting the information to the passenger to be sure that the agent has completed the tag correctly:

"We have checked your two bags to date. Your baggage will be transferred at Chicago from Flight 118 to Flight 124 "

- j. For articles which are damaged when received, refer to Section 15.33.
- k. For articles not acceptable for carriage in their present packed condition, refer to Section 15.32.
- l. For baggage to be checked short of the passenger's ticketed destination, refer to Section 15.31
- m. Enter the number of pieces and weight in the "Baggage Check/Unchecked" box on the passenger's ticket for international travel only (refer also to Section 07.27).

NOTE: This information must be on EACH coupon covering the trip over which the baggage is checked.

## K. CHECK-IN - TRANSFER

- 1. Procedures in Paragraph J. preceding apply. In addition one more of the following may apply.
- 2. There are minimum online and interline connecting times at each airport. The OAG is the most accurate source of these times. Baggage may not be checked as transfer baggage at a station where the actual time between flights is less than minimum allowable connection time.
- 3. ONLINE TRANSFER
  - a. The Online Transfer Tag, PAS-270T, shall be used.
  - b. Always use the correct airport code, for example: JFK, never NYC.
  - c. Baggage will be checked to the final destination provided each transfer departs within four hours of the previous arriving flight and the flight departs from the same airport of arrival, except in New York City where transfer is provided between LGA and JFK, both directions.
  - d. Baggage can be tagged for international to U. S. and U. S. to international flights provided the flights arrive and depart from the SAME AIRPORT except as in Paragraph K.3.c. preceding

NOTE: Passengers at all U. S. ports of entry and many international ports of entry must clear customs prior to continuing the onward domestic journey.

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## PASSENGER SALES AND SERVICES MANUAL

### ► ► BAGGAGE CHECK-IN

#### K. CHECK-IN - TRANSFER (Cont'd)

##### 4. INTERLINE TRANSFER

- a. The Interline Transfer Tag, Form ATA63, shall be used.
- b. Use the city name (or code) and where more than one airport, indicate the airport code after the city, e. g., NYC/JFK.
- c. Only TWA and carriers listed in Section 30.10 may be used. For carriers not included in the rate agreements, Section 30.10, the baggage will be checked only to the destination at which the passenger will board that carrier. Passengers must be told that his baggage is not checked to final destination.
- d. At many ports of entry, all U. S. included, baggage must clear local customs prior to the ongoing domestic journey.
- e. Interline checking of pets is PROHIBITED.
- f. Interline baggage will be checked to the final destination except;

##### (1) Point of stopover

- (a) Domestic - Passenger stopover exceeds next available flight to his destination or a stopover which exceeds four hours, whichever comes first.
- (b) International - Passenger stopover exceeds the next available flight to his destination, six hours or where interline baggage checking is not allowed.
- (c) Where inter-airport transfer must be made and no authorized inter-airport transfer exists.
- (d) Where the outbound carrier does not participate with TWA in an interline baggage agreement.

##### (2) To and from Demand Scheduled Flights

##### (3) To which excess baggage charges have been paid.

- g. Baggage transferring at BOM (Bombay) to destination outside India must clear Indian customs at BOM.
- h. Intransit passengers through the U. S. must have their baggage cleared at the U. S. Customs Port of Entry.
- i. Cannot have excess valuation applied.

##### 5. DOMESTIC TO INTERNATIONAL OR INTERNATIONAL TO DOMESTIC

- a. International passengers originating at U. S. domestic stations and holding continuing space on international flights out of the U. S. gateway
  - (1) They shall have their baggage checked through to the international flight from the U. S. origin station.
  - (2) If baggage is destined within the country the passenger must be advised that he may have to claim his bag and clear through customs prior to transferring to the local flight. At some airports, the passenger in addition must transfer his own baggage to the domestic outbound carrier.
  - (3) Baggage may not be checked between airports except as in Paragraph K.5.c. following.
  - (4) International baggage rules (free allowance and excess) apply to the ENTIRE journey.
- b. Passengers originating at international stations and holding continuing space on domestic flights from the U. S. Port of Entry
  - (1) Their baggage will be checked through to the U. S. destination unless an ongoing carrier is not part of the rate agreement, (refer to Section 30.10).



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## \* \* BAGGAGE CHECK-IN

## K. CHECK-IN - TRANSFER (Cont'd)

## 5. DOMESTIC TO INTERNATIONAL OR INTERNATIONAL TO DOMESTIC (Cont'd)

## b. (Cont'd)

- (2) Passenger must be reminded that the baggage must clear through U. S. Customs at the Port of Entry and then returned to TWA for transfer
- (3) Baggage may not be checked between airports except as in Paragraph K.5.c. following.
- (4) International baggage rules (free allowance and excess) apply to the ENTIRE journey

## c. Baggage Transfer Between Airports

- (1) Baggage may not be checked for inter-airport transfer unless the transfer is done by scheduled helicopter service
- (2) Authorized ground service is available only in New York City between JFK and LGA and LGA and JFK. It is provided by Carey Limousine.
  - (a) Bags may be checked through LGA to either TWA or Pan American at JFK.
  - (b) Bags may be checked through JFK to all carriers at LGA.
  - (c) Baggage checked between the two airports must have the words "Carey Limousine" clearly written on the correct transfer stub of Form PAS-270T or ATA63 depending on the passenger's routing.

\* \* \*

IN RESPONSE TO QUESTION NUMBER 72

Generally, uniformed personnel either TWA or others under contract to TWA are assigned to baggage claims areas upon arrival of a flight. It is felt that the presence of these personnel act as a deterrent to those inclined to steal luggage. All unclaimed luggage is removed from the claim area and secured in a hold room or baggage service office. Positive claim procedures are also employed on a limited basis.

IN RESPONSE TO QUESTION NUMBER 73

The passenger initially reports to TWA property missing from a checked bag. This report is made in person at the nearest TWA airport baggage service office, ticket or sales office.

A baggage service report (PAS 38) and alleged pilferage report (PAS 39) are prepared from this private passenger interview.

While tracing for the missing property and notification to TWA Regional Security officer is in process, the passenger is advised to submit a written letter of claim, describing the loss, providing value of claim and proof of value. This letter of claim is addressed to the local Manager - Passenger/ Customer Services for handling by the local baggage service office. Most claims are handled to completion locally. Claims exceeding local management authority and interline claims are referred to the headquarters Customer Relations Department.

All claims are reviewed within the provisions established by the domestic and international passenger rules tariff and processed and concluded within these guidelines.

Generally, TWA will honor a pilferage claim provided we are given a timely report of the incident, and there is an indication of mishandling, such as delayed delivery or damage to the bag.

IN RESPONSE TO QUESTION NUMBER 74

The average length of time required for TWA to settle a claim for lost or pilfered baggage is approximately 60 days. Temporary settlements are made "on the spot".

IN RESPONSE TO QUESTION NUMBER 75

There is no definite way of determining the validity of a claim. However, certain claims become suspect when:

- a. A late report of loss is filed.
- b. Essential documentation requested of the claimant is not provided.
- c. Obvious discrepancies appear in the file.

In such cases, involving suspected fraud, the claim is investigated by using the Baggage Claim Central File System which records and stores names of persons who submit claims to the airlines. This computerized system will indicate claimants who have had two or more claims with the airlines within a two-year period. Our decision to grant or deny a claim is judgmental and depends on the information received from the Central Files System. (This system is available to all airlines). Information contained in the Baggage Claim Central File System is available to the passenger upon request.



**TRANS WORLD AIRLINES, INC.**

605 THIRD AVENUE

NEW YORK, NEW YORK, U.S.A. 10016

December 30, 1974

Mr. Stephen Breyer  
Subcommittee on Administrative  
Practice and Procedure  
United States Senate  
Washington, D. C. 20510

Dear Mr. Breyer:

Please replace TWA's response to question number 75 with the following attachment numbered 57.

attachment

IN RESPONSE TO QUESTION NUMBER 75

TWA's procedures for handling claims are set forth in the manuals enclosed with Attachment 77.

IN RESPONSE TO QUESTION NUMBER 76

TWA's procedure for confirming reservations during periods when the computers are down depends on the duration of time that the computers are inoperative. The reservation agent completes the reservation request information form which is standard operating procedure at all times. When the computers are down for a short duration, the reservation request information is fed into the computer as soon as it is operational and the customer is then called as to the status of his request. When the computers are down for longer durations, the reservation request is teletyped to TWA's central reservations inventory control in Kansas City where the status is determined through manual inventory procedures and teletyped back to the requesting local reservations office. The customer is then called and informed of the status of his reservations request.



IN RESPONSE TO QUESTION NUMBER 78

The average lapse of time required for TWA to process refunds on unused tickets, or to refund for adjustments on partially used tickets, varies according to method of payment.

Immediate refunds are available to passengers at airport ticket offices or city ticket offices if the ticket was purchased by cash or by check and the amount is less than \$200.00.

If the amount was \$200.00 or greater or the method of payment was by commercial credit card, the average lapse of time required to process the claim is between 3-5 work days from the date of receipt of the claim in Kansas City.

There are unique cases particularly those involving lost tickets or tickets involving other airlines which may require up to 45 days of processing time. This extra time is spent gathering information and obtaining authorizations prior to refunding the claim.

Approximately 740,000 claims are expected to be received and processed this year. Of the total, approximately 140,000 claims or 18.1% will be immediately refunded at airport or city ticket offices whereas approximately 600,000 claims or 81.1% will require processing in Kansas City by TWA's Passenger Revenue Accounting Department.

IN RESPONSE TO QUESTION NUMBER 79

TWA presently has agreements with a number of hotel chains and car rental companies to provide a convenience to its customers of one call reservation service under which the customer can make his airline reservations, hotel reservations, and/or car rental reservation through TWA.

These agreements have been entered into with provisions that TWA will be fully compensated by the hotels or car rental companies for the additional costs to TWA of providing these reservation services, including a provision for profit. Studies conducted by TWA have found that the current cost of providing hotel reservation service to its customers is approximately \$2.50 per hotel booking and the cost of providing car rental reservation service is about \$1.50 per booking. Depending upon the agreements with the various hotel chains, TWA receives between \$2.50 and \$5.00 per booking. TWA receives from a minimum of \$2.50 per booking to a maximum of 15% of the car rental price from the car rental companies, depending upon the agreements TWA has with the various car rental companies.

TWA does not maintain data on the number of passengers who made arrangements for such services through its reservations services. Car rental companies, however, have determined that five out of every 1,000 passengers make a booking for a car rental.

IN RESPONSE TO QUESTION NUMBER 80

TWA's procedure for notifying passengers of a schedule change is as follows: Once the schedule change is issued by TWA's Scheduling Department, it is sent to TWA's Central Reservations Control in Kansas City which determines the assignment of appropriate passenger re-accommodations for confirmed passengers. Affected passenger lists are then generated by computer and sent to the TWA controlling reservations offices for passenger notification or teletyped to non-automated cities and other airlines for passenger notification. The passengers are then contacted at the telephone numbers or other means of contact information provided at the time of the passenger's initial reservation.

IN RESPONSE TO QUESTION NUMBER 81

The exhibit attached is TWA's formal policy on replacement of lost or stolen tickets and their ultimate refund.

TRANS WORLD AIRLINES, INC.

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## PASSENGER SALES AND SERVICES MANUAL

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## \* \* LOST OR STOLEN TICKETS - REFUND OR REPLACEMENT

Passenger Refunds is primarily responsible for the policies and procedures in this section.

## A. REQUEST FOR REFUND OF LOST OR STOLEN TICKET(S)

If a purchaser of a TWA ticket appears at a TWA ticket office and reports the loss of a previously purchased ticket due to robbery, burglary, theft, or mysterious disappearance and requests the refund of such ticket(s), the following procedures shall apply:

Complete Form A-69-C, Application for Refund or Replacement of Lost Ticket, in accordance with following procedures: (Form is illustrated in paragraph "C" following.)

(A tariff ruling requires that a refund may only be processed if the claim is submitted no later than thirty days after expiration of the ticket.)

1. Complete section 1 or 2, 3 and 5 of Form A-69-C.
2. Advise applicant that a refund check will be issued or appropriate account credited (when applicable), as quickly as the ticket number can be substantiated by the Finance department. This will normally require approximately forty five days.
3. Assure appropriate signatures have been affixed to Form A-69-C.
4. Distribute completed form to: (indicated on bottom section)

Original (white)	— Supervisor - Passenger Refunds
Duplicate (canary)	— To applicant
Triplicate (pink)	— Local ticket office file

## B. REQUEST FOR REPLACEMENT OF LOST OR STOLEN TICKET(S)

If a purchaser of a TWA ticket appears at a TWA ticket office and reports the loss of a previously purchased ticket due to robbery, burglary, theft, or mysterious disappearance and requests the replacement of such ticket(s), the following procedures shall apply:

1. Complete Form A-69-C, Application for Refund or Replacement of Lost Ticket, in accordance with following procedures: (Form is illustrated in paragraph "J" following.)

- a. Tickets Sold Within Continental United States or Canada

Replacement ticket may be issued providing the original ticket number is known and so entered in section 1 of Form A-69-C.

- (1) Complete sections 1, 4 and 5 and the "TWA Representative" lines in lower right-hand section of Form A-69-C. (TWA representative is person so designated by the general manager to approve issuance of replacement ticket.)
  - (2) Request ticketing details from Passenger Records, MKC. Include following information in such requests:

When a portion of the ticket has been used on TWA:

MKCTA  
LASTL 041200  
ADZ LOST TKT JOHN DOE F148-03JAN LAS-NYC. TKT PURCH JAN 03 AG 279 (or travel agency name and/or number)  
FORM OF PYMT CASH

When no portion of ticket has been used on TWA, or if TWA flight information is unknown:

MKCTA  
ADZ LOST TKT JOHN DOE PURCH JAN 03 AG 279 (or travel agency name and/or number) FORM OF PYMT CASH

14.07.02

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TRANS WORLD AIRLINES, INC.

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## \* \* LOST OR STOLEN TICKETS - REFUND OR REPLACEMENT

## B. REQUEST FOR REPLACEMENT OF LOST OR STOLEN TICKET(S)

## 1. (Cont'd)

## a. Tickets Sold Within Continental United States or Canada (Cont'd)

- (3) Replacement ticket must be annotated "Non-Refundable-Lost Ticket Reissuance."
- (4) Distribute Form A 69-C as follows:

Original (white) - attached to auditors coupon of replacement ticket and forward with ticket agents report to appropriate Finance office.  
 Duplicate (canary) - To applicant.  
 Triplicate (pink) - Local ticket office file

## b. Tickets Sold Outside the Continental United States and Canada

Replacement ticket may be issued providing the original ticket number if known and so entered in section 1 of Form A 69-C. (See exception procedure outlined in paragraph "(3)" below.)

- (1) Complete sections 1, 4 and 5 and the "TWA Representative" lines as outlined in paragraph "1-a-(1)" preceding.
- (2) Ticket office where loss is reported shall request ticketing details from selling office as follows:

LISRO LISAB  
 ROMRO  
 ADZ LOST TKT JOHN DOE PURCH TWA LIST1 (or travel agency) JAN 29

Example of reply

ROMRO LISAB  
 LISRO  
 RE LOST TKT JOHN DOE NR 015 263.466879 ROUTING/FARE RT Y LIS-ROM \$185.60 TAX \$1.10 TTL  
 \$186.70 FORM OF PAYMENT CASH CURRENCY PORTUGUESE ESCUDOS

- (3) In extreme cases where ticket number cannot be obtained from selling office, the following shall apply:

- (a) Verify to agent satisfaction that a TWA ticket was issued.
- (b) Complete A-69-C sections 1, 2, 4 and 5.
- (c) Require identification, that indicates permanent address and signature of applicant, such as Passport, operator's license or other positive means.
- (d) Approval of general manager or designated alternate as outlined in paragraph "1-a-(1)" preceding.

- (4) Replacement ticket must be annotated "Non-Refundable-Lost Ticket Reissuance."
- (5) Refer to paragraph "1-a-(4)" for distribution of Form A-69-C.

## 2. Execute notification procedures as outlined in PSSM 10.30.

TRANS WORLD AIRLINES, INC.

14.07.03

## PASSENGER SALES AND SERVICES MANUAL

Mar-13-72

+ + LOST OR STOLEN TICKETS - REFUND OR REPLACEMENT

## C. APPLICATION FOR REFUND OR REPLACEMENT OF LOST TICKET, FORM A 69-C

## 1. ILLUSTRATION

FORM A 69-C 2-71

**TRANS WORLD AIRLINES, INC.**  
**APPLICATION FOR REFUND OR REPLACEMENT OF LOST TICKET**  
 FOR REFUND OR REPLACEMENT OF TWA TICKETS ONLY

PRINTED IN U.S.A.

The undersigned applicant requests a refund or replacement of the value of the unused portion of Trans World Airlines, Inc. ticket(s) described below and, in requesting a refund or replacement, hereby REPRESENTS THAT THE TICKET(S) IS(ARE) OWNED BY THE APPLICANT AND HAS(HAVE) NOT BEEN USED BY HIM (AND THAT IT(HEY) HAS(HAVE) BEEN LOST, STOLEN OR DESTROYED)

**1. LOST TICKET IDENTIFICATION**

TWA TICKET NO. 015 PASSENGER'S NAME \_\_\_\_\_  
 PURCHASED AT \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ AMOUNT PAID \_\_\_\_\_  
 USED PORTION FROM \_\_\_\_\_ TO \_\_\_\_\_ A FLIGHT NO. \_\_\_\_\_ DATE \_\_\_\_\_  
 LOST UNUSED PORTION FROM \_\_\_\_\_ TO \_\_\_\_\_ DATE \_\_\_\_\_

**2. IF LOST TICKET NUMBER IS NOT KNOWN, COMPLETE THIS SECTION (which may enable identification)**

OFFICE AT WHICH CHECK PURCHASED \_\_\_\_\_  
☐ AIRPORT CHECK OFFICE  
☐ CITY TICKET OFFICE ADDRESS OF OFFICE CHECKED \_\_\_\_\_ STREET \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_  
☐ JAWA OFFICE  
☐ TRAVEL AGENCY NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_ STREET \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_

METHOD OF PURCHASE \_\_\_\_\_  
☐ CHECK ☐ TELEGRAM ☐ AIR TRAVEL PLAN - NAME \_\_\_\_\_ ACCOUNT NO. \_\_\_\_\_  
☐ CASH ☐ GOVERNMENT ☐ CREDIT CARD - COMPANY \_\_\_\_\_ ACCOUNT NO. \_\_\_\_\_  
☐ OTHER \_\_\_\_\_

\*Note: The form and serial number of ticket should appear on the reverse side of your cancelled check

**3. COMPLETE 3A OR 3B, NOT BOTH**

**3A. REFUND**

PAY REFUND TO \_\_\_\_\_ NAME \_\_\_\_\_ OR \_\_\_\_\_  
 STREET ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_  
 TICKET NO. \_\_\_\_\_ FLIGHT NO. \_\_\_\_\_ DATE \_\_\_\_\_  
 WAS REPLACEMENT? ☐ YES ☐ NO

**3B. NO REFUND - REPLACEMENT TICKET ISSUED WITHOUT CHARGE**

TICKET NUMBER 015 FLIGHT NO. \_\_\_\_\_  
 ISSUED FROM \_\_\_\_\_ TO \_\_\_\_\_ DATE \_\_\_\_\_

**4. THE APPLICANT UNDERSTANDS AND AGREES THAT:**

A. Refund claim may be processed by the general office of TWA, providing the complete form and serial number of the lost ticket can be identified and the claim is submitted no later than 30 days after the expiration date of the ticket. Forty five (45) days processing time should be allowed.

B. A service charge of \$1.00 will be deducted from refund for processing and handling. A separate service charge will be assessed each non-conjunction ticket refund.

C. In the event the lost ticket is found the applicant will immediately send the ticket with written notice to Trans World Airlines, Inc. Passenger Refunds Department, 775 Baltimore Avenue, Kansas City, Missouri 64108. No refund of the service charge will be made.

D. IN CONSIDERATION OF THE PAYMENT OF THE REFUND REQUESTED OR OF THE ISSUANCE OF REPLACEMENT TICKET(S) WITHOUT CHARGE, THE UNDERSIGNED WILL REIMBURSE TRANS WORLD AIRLINES, INC. FOR THE AMOUNT OF SUCH REFUND OR THE VALUE OF REPLACEMENT TICKET(S) AND FOR ANY OTHER LOSS OR EXPENSE, INCLUDING REASONABLE ATTORNEYS' FEES, RESULTING FROM THE PRESENTATION OF THE LOST TICKET(S) FOR TRANSPORTATION OR REFUND BY ANY PERSON WHOEVER. TRANS WORLD AIRLINES, INC. DOES NOT ASSUME ANY LIABILITY FOR FAILURE TO IDENTIFY THE PERSON PRESENTING THE LOST TICKET(S) FOR TRANSPORTATION OR REFUND AS BEING THE "TRUE OWNER OF THE TICKET(S)".

\_\_\_\_\_  
 I, \_\_\_\_\_, REPRESENTATIVE OF \_\_\_\_\_  
 STREET ADDRESS \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

VALIDATION

DISTRIBUTION

REFUNDS WHITE: PASSENGER REFUNDS ON D STRICY FINANCE MANAGER  
 CANARY: APP. CANT. PINK: TICKET OFFICE

RE-ISSUANCE WHITE: PASSENGER SALES ACCTS. ON D STRICY FINANCE MGR. IN TH  
 NEW AUDITOR COUPON: CANARY: APP. CANT. PINK: TICKET OFFICE

14:07:04

TRANS WORLD AIRLINES, INC.

Mar 13 72

**PASSENGER SALES AND SERVICES MANUAL****\* \* LOST OR STOLEN TICKETS - REFUND OR REPLACEMENT****C. APPLICATION FOR REFUND OR REPLACEMENT OF LOST TICKET, FORM A-69-C (Cont'd)**

- 2 The service charge of \$5.00 assessed for processing and handling (section 4B of Form A-69-C) will not be refunded in the event the passenger later finds the ticket reported lost.

\* \* \*



IN RESPONSE TO QUESTION NUMBER 83

TWA reports to the Civil Aeronautics Board monthly data on the number of passengers who were denied boarding on flights for which they had confirmed reservations or valid tickets (including no record passengers) in CAB report Form 251. We have summarized these reports for your convenience below.

Number of Passengers Denied Boarding on Flights Booked	<u>1972*</u>	<u>1973</u>	<u>Jan.-Sep. 1974</u>
TWA Domestic Operations	8,069	5,455	6,939
TWA International Operations	<u>4,169</u>	<u>1,202</u>	<u>1,605</u>
Total	12,238	6,657	8,544

Total Passengers Carried	15,557,115	14,147,603	11,964,626
--------------------------	------------	------------	------------

Passengers Denied Boarding on Flights Booked as a % of Total Passengers	0.079%	0.047%	0.071%
---	--------	--------	--------

\* January-November based on TWA's top 15 stations.

IN RESPONSE TO QUESTION NUMBER 84

TWA reports to the Civil Aeronautics Board monthly data on the number of passengers that were eligible for denied boarding compensation in CAB report form 251. We have summarized these reports for your convenience.

<u>Number of Passengers Eligible for DBC.</u>	<u>1972*</u>	<u>1973</u>	<u>Jan.-Sep. 1974</u>
TWA Domestic Operations	2,983	2,654	3,507
TWA International Operations	<u>433</u>	<u>256</u>	<u>592</u>
Total	3,416	2,910	4,099
 Total Passengers Carried	 15,557,115	 14,147,603	 11,964,626
 Passengers Eligible for DBC as a % of Total Passengers Carried	 0.022%	 0.021%	 0.034%

\* January-November based on TWA's top 15 stations.

IN RESPONSE TO QUESTION NUMBER 85

TWA reports to the Civil Aeronautics Board monthly data on the number of passengers that were not eligible for denied boarding compensation because of equipment substitutions in CAB report form 251. We have summarized these reports for your convenience.

	<u>1972*</u>	<u>1973</u>	<u>Jan-Sep 1974</u>
TWA Domestic Operations	686	246	463
TWA International Operations	<u>0</u>	<u>0</u>	<u>7</u>
Total	686	246	470

\* January-November based on TWA's top 15 stations.

IN RESPONSE TO QUESTION NUMBER 86

TWA reports to the Civil Aeronautics Board monthly data on the number of passengers that were not eligible for denied boarding compensation because of government requisition of space in CAB report form 251. We have summarized these reports for your convenience.

	<u>1972*</u>	<u>1973</u>	<u>Jan-Sep 1974</u>
TWA Domestic Operations	3	0	0
TWA International Operations	<u>0</u>	<u>0</u>	<u>8</u>
Total	3	0	8

\* January-November based on TWA's top 15 stations.

IN RESPONSE TO QUESTION NUMBER 87

TWA does not keep records on those passengers that were not eligible for denied boarding compensation for failure to meet check-in or ticketing requirements.

IN RESPONSE TO QUESTION NUMBER 88

TWA reports to the Civil Aeronautics Board monthly data on the number of passengers that were not eligible for denied boarding compensation because TWA was able to re-book them on a flight scheduled to arrive within two hours of their original flight in CAB report form 251. We have summarized these reports for your convenience.

	<u>1972*</u>	<u>1973</u>	<u>Jan-Sep 1974</u>
TWA Domestic Operations	4,397	2,555	2,969
TWA International Operations	<u>3,736</u>	<u>946</u>	<u>998</u>
Total	8,133	3,501	3,967

\*January-November based on TWA's top 15 stations.

IN RESPONSE TO QUESTION NUMBER 89

TWA's total amount spent to pay DBC's to passengers in the period 1972 to September 30, 1974 is shown in the table below.

	<u>TWA DBC Payments to Passengers</u>
1972	\$388,496
1973	283,959
1974 (January-September)	<u>296,513</u>
Total	\$968,968

IN RESPONSE TO QUESTION NUMBERS 90, 91 & 92

TWA presently does not offer a conditional reservation service such as "leisure class".

IN RESPONSE TO QUESTION NUMBER 93

In cases where a passenger holds a ticket with an "OK" status and we have no record of the reservation, we assume that the ticket is correct and that there has been an error in the reservations system. Accordingly, all passengers holding "OK" tickets are accepted in order of appearance at the ticket lift point until it is found that the aircraft is full to capacity. Later passengers holding "OK" tickets are considered refusals and are afforded denied boarding compensation if applicable.

IN RESPONSE TO QUESTION 94

"Bumped" passengers are those travelling on a "no reservations" status and are cleared only to the next airport in the line of flight. As such, they are not entitled to denied boarding compensation. See attached exhibit, Order of Removal.

[ Subcommittee note.---For response to Question 95 of the questionnaire,  
see TWA's response to Question 93.]



Exhibit #3

TRANS WORLD AIRLINES, INC.  
GROUND SERVICE MANUAL/MARKETING

03.45.01

Nov-11-74

## PRIORITY FOR LOADING AND OFF-LOADING

## DOMESTIC ROUTES

Classifications of passengers, mail, express, freight, and COMAT to be adhered to in determining portions of an available load which will be removed (or refused) from flights.

Order of Removal	Classification	Order of Removal	Classification*
1 - - - -	COMAT and Nonrevenue Air Freight	14 - - - -	Passengers Positive, Space Not Confirmed, Classes 5-2, 5-1, 4/7, 4, 4-0, 3-3, 3-1, 3, 2-4, 2-3, 2-2, 1-3, 1-2, 1 and 1A.
2 - - - -	Passengers Space Available, Class 12-2, 12-1, 11-3, 11-2, 11-1, 10-2, 10-1, 9(Class 9, 9-1, or 9/7 are equal - remove according to seniority), 8-2, 8-1, 8-0, 7-1, 6-3, 6-2, 6-1, 4-7, 4, 4-0, 3-3, 3-1, 3, 2-1, 1-3, 1-2, 1 and 1A (removal in order listed)	15 - - - -	Stand-By Revenue Passengers (Other than Military Stand-Bys and Separates)
3 - - - -	XCA - Space Available	16 - - - -	Thru Request Passengers
4 - - - -	ACM - Space Available	17 - - - -	Tour Conductor - Gratis - Positive (When not conducting tour)
5 - - - -	Surface Mail (Parcel Airlift PAL)	18 - - - -	Passengers Positive, Space Confirmed, Classes 5-2, 5-1, 4/7, 4, 4-0, 3-3, 3-1, 3, 2-4, 2-3, 2-2, 1-3, 1-2, 1 and 1A.
6 - - - -	RIMAT RED	19 - - - -	P. O. Air Travel Commission (Green)
7 - - - -	Air Freight	20 - - - -	U. S. Priority (Air) Mail and Prime-time Container Mail (PC)
	(a) General Classification	21 - - - -	U. S. State Department Pouches (See also 7 (c))
	(b) Signature Service		50 lbs. radioactive isotopes - See Note 1
	(c) Diplomatic Pouches (Other than U. S. State Department)	22 - - - -	Reduced Rate Passengers
	(d) Gated Periodicals	23 - - - -	Passengers Positive, Space Not Confirmed, Class 1-1
	(e) Film	24 - - - -	Confirmed Revenue Passengers**
	(f) Press Material		(a) Travel Agent - Industry Reduced Rate
	(g) Perishables		(b) Coach or Economy
	(h) Radioactive Isotopes, Medical		(c) First Class
	(i) Live Animals	25 - - - -	Passengers Positive, Space Confirmed, Class 1-1***
	(j) Human Remains	26 - - - -	Tour Conductor - Gratis - Positive (When conducting tour)
	(k) Shipments Accompanied by Attendants		(a) Travel Agent - ATC Training Travel
8 - - - -	Whole Human Blood		(b) Travel Agent - Familiarization
9 - - - -	Adult Stand-By Fare Passenger (CAB164)		(c) Travel Agent Inaugural Gratis Ticket CAB Auth. Letter
10 - - - -	Military Stand-By Passengers (including separates)	27 - - - -	Passengers Positive, Space Confirmed, Class 2-1
11 - - - -	Daylight Mail Container (DC)	28 - - - -	Company Dispatch Mail
12 - - - -	Air Freight (Booked)	29 - - - -	ACG Shipments
13 - - - -	Air Express	30 - - - -	XCAP - Positive
	(a) Live Stock	31 - - - -	ACMP - Positive
	(b) Radio Isotopes (Medical)		
	(c) Human Eye Shipments		

NOTE 1: The U. S. Postal Service permits 50 POUNDS of radioactive isotopes priority over all mail. However, air carriers are restricted to quantity limitations based on transport index units. Refer to Tariff 6D, CAB 82 for details.

\*For regulations and procedures governing pass classifications, refer Management Policy And Procedure Manual, Chapter 13.

\*\*Within the two class of service groups, off-loading shall be in the following order:

1. Online locally boarded passengers
2. Inbound connection passengers
3. Through passengers

\*\*\*TWA nonofficer members of the Board of Directors and their families are not subject to removal. Also refer to PSSM (oversales).

During the December high volume mail period (normally December 1 through December 24), there may be deviations on a limited number of flights as specified in Marketing/Sales and Services Bulletins.

If apparent overload condition becomes known, in which all confirmed passengers and all available mail cannot be carried because of weight, JFKWO shall be contacted to final load disposition if Flight Dispatcher and Captain are unable to provide a solution to the problem.

U. S. State Department Pouches are identified by block letters notation on pouch "Dept. of State"

Certain passholders will not have TWA seniority, in which case access to aircraft is in order of check-in but after passes of same classification which show seniority.

Equipment of professional sports teams when shipped as air freight must be loaded on the same flight being used by team unless otherwise directed by the team's management.

03-45 02

Nov-11 74

TRANS WORLD AIRLINES, INC.

## GROUND SERVICE MANUAL/MARKETING

## PRIORITY FOR LOADING AND OFF-LOADING

## INTERNATIONAL ROUTES

Classifications of passengers, mail, cargo and COMAT to be adhered to in determining portions of an available load which will be removed (or refused) from flights.

Order of Removal	Classification*	Order of Removal	Classification*
1-----	COMAT and Nonrevenue Air Freight	16-----	Stand By Full Fare Revenue Passengers
2-----	Passengers Space Available, Classes 12-1, 12-1, 11-3, 11-2, 11-1, 10-2, 10-1, 9-7, 9-1, 9, 8-2, 8-1, 8-0, 3-7, 1, 6-3, 6-2 and 6-1 (removal in order listed)	17-----	Thru Request Passengers
3-----	XCA Space Available	18-----	Tour Conductor - 100% Gratis - Positive (when NOT conducting a tour group)
4-----	Passengers Space Available, Classes 4-7, 4, 4-6, 3-3, 3-1, 3, 2-1, 1-3, 1-2, 1 and 1-A (removal in order listed)	19-----	Passengers Positive, Space Confirmed, Classes 5-2, 5-1, 4-7, 4, 4-6, 3-3, 3-1, 3, 2-4, 2-3, 2-2, 1-3, 1-2, 1 and 1A
5-----	ACM Space Available	20-----	P.O. Air Travel Commission (Green)
6-----	Space Available Company Material (Ethiopian Air Lines)	21-----	Reduced Rate Passengers - 75%**
7-----	Surface Airlift Mail (PAL/SAM) - Letter mail in green sacks, parcels in red sacks. Leave green SAM ON BOARD if possible	22-----	Air Mail
8-----	RIMAT RED	23-----	Diplomatic Pouches (U.S. State Department) (Forwarmed as mail)
9-----	Reduced Rate Company Material - Other Airlines	24-----	Reduced Rate Passengers - 50% Fares**
10-----	General Air Freight	25-----	Passengers Positive, Space Not Confirmed, Class 1-1 50 lbs. radioactive isotopes - See Note 1
11-----	(a) Air Freight - Booked (b) Dated periodicals (c) Perishables (d) Films, Press Material (e) Watch and Watch Parts (f) Diplomatic Pouches shipped as freight (g) Radioactive Isotopes, Medical (h) Human Blood (i) Live Animals (j) Human Remains	26-----	Confirmed Revenue Passengers** (a) Travel Agent - Reduced Rate (b) Tourist or Economy (c) First Class
12-----	Military Ordinary Mail	27-----	Passengers Positive, Space Confirmed, Class 1-1***
13-----	Passengers Positive, Space Not Confirmed, Classes 5-2, 5-1, 4-7, 4, 4-6, 3-3, 3-1, 3, 2-4, 2-3, 2-2, 1-3, 1-2, 1 and 1A (removal in order listed)	28-----	Tour Passengers whether traveling with tour conductor, other members of tour or independently
14-----	Space Available Reduced Rate Passengers - 75%	29-----	Tour Conductor - 100% Gratis - Positive (when conducting a tour group) (a) Travel Agent - ATC Training Travel (b) Travel Agent - Familiarization (c) Travel Agent - Inaugural Gratis Ticket CAB Auth. Letter
15-----	Space Available Reduced Rate Passenger - 50% Fares	30-----	Class 2-1 Positive Space
		31-----	Company Dispatch Mail
		32-----	AOG Shipment
		33-----	XCAP - Positive
		34-----	XCMP - Positive

NOTE 1 - The U.S. Postal Service permits 50 POUNDS of radioactive isotopes priority over all mail. However, air carriers are restricted to quantity limitations based on transport index units. Refer to IATA Restricted Articles Manual for details.

\*For regulations and procedures governing pass classifications, refer Management Policy And Procedure Manual

\*\*Within the groups indicated, off loading shall be in the following order:

- 1 Online locally boarded passenger
- 2 Inbound connecting passengers
- 3 Through passengers

\*\*\*TWA nonofficer members of the Board of Directors and their families are not subject to removal. Also refer to PSSM (oversales).

U.S. State Department Pouches are identified by block letter notation on pouch "Dept. of State." When sent as mail, will have U.S. mail label attached

Certain passengers will not have TWA seniority in which case access to aircraft is in order of check in but after passes of the same classification which show seniority

IN RESPONSE TO QUESTION NUMBER 96

TWA is unable to provide information concerning the cost of amenities to delay passengers.

IN RESPONSE TO QUESTION NUMBER 97

TWA's procedure for communicating flight information from the aircraft to reservations and other personnel responsible for giving information to the public is a simple straight forward operation. The flight status is radioed from the aircraft by the crew to TWA's operations section at the arriving airport. The information is then put into TWA's PARS reservation system which can be immediately accessed by all reservation personnel and gate personnel having access to the reservations system. Delays, however, occur primarily with aircraft crews sending flight status information which occurs particularly frequently during congested periods because of the crews primary responsibility of flying the aircraft under safe conditions and maintaining contact with ground controllers.

IN RESPONSE TO QUESTION 98

Delayed passengers are kept apprised of flight information and relative amenities according to check list offered as an exhibit.

TRANS WORLD AIRLINES, INC.

03.54.05

**PASSENGER SALES AND SERVICES MANUAL**

Jun-14-74

**INCONVENIENCED PASSENGERS****D. EXPENSES**

Type of Expense	CLASS OF SERVICE				
	First		Intl Economy	Coach	Thrft/ Dom. Economy
	Intl	Dom			
Hotel	X	X	X	Y	Y
Meals/Snacks	X	X	X	X	Y
Limo/Bus	X	X	X	X	X
Taxi	X	X	X	X	X
Nominal Entertainment	X	X			
Communications	X	X	X	X	X

X — Indicates that expense is approved. (Subject to local supervision)

Y — May be authorized by the Manager - Passenger/Customer Services or his designee for those passengers unduly inconvenienced by unusual irregularity circumstances, or, where necessary to meet competitive practices.

NOTE: The Manager - Passenger/Customer Services shall establish maximum limits for approved expenses applicable to each type indicated above.

Verbal commitments ARE NOT to be made to passengers regarding authorizations of expenses at other stations. Supervisors shall make such authorization in writing or via teletype to his counterpart at the station concerned.

TWA shall not absorb expenses incurred at the point of irregular operations beyond the departure time of reasonable alternate transportation offered to the passenger.

**DELAYED/CANCELED FLIGHTS ACTION PLAN**

Passengers scheduled to travel on flights that are delayed excessively or canceled expect timely, organized, effective and sincere reactions to their problems. They look to you for emotional reassurance as well as information and advice. Why are we delayed? When do we leave/arrive? Will my wife know I'm delayed? Well timed and accurate answers to these questions are extremely important.

It is extremely important, therefore, that each airport has a total Action Plan which addresses itself, in an organized and efficient format, to the demands of our customers.

The framework of a systemwide Action Plan is detailed following. It is designed to ensure that inconvenienced passengers are informed and processed in keeping with corporate objectives.

**1. DELAYED AND CANCELED FLIGHT ACTION PLAN, FORM PAS-2457**

- The PAS-2457 will serve as a guide for the gate agent/PSA to make certain that we do not overlook any essential service and planning requirements. One must be completed for each flight departing MORE than FIFTEEN MINUTES after scheduled departure time (or the elapse of ground time at through station) and for each canceled flight.

03.54.06

Jun-14-74

TRANS WORLD AIRLINES, INC.

## PASSENGER SALES AND SERVICES MANUAL

## INCONVENIENCED PASSENGERS

## E. DELAYED/CANCELED FLIGHTS ACTION PLAN (Cont'd)

## 1. DELAYED AND CANCELED FLIGHT ACTION PLAN, FORM PAS-2457 (Cont'd)

- c. The reverse side of the form may be used to clarify/explain the action taken.
- d. The form is basically a checklist. Each "action required item" should be checked off as performed. The use of the initials and time boxes is optional.
- e. Illustration of Form PAS-2457

**TWA**

**DELAYED AND CANCELED FLIGHTS ACTION PLAN**

When the departure of flight is delayed excessively long or is cancelled, our passengers expect timely, organized, effective, and sincere handling of the related problems. They look to you for emotional reassurance, as well as information and service.

They want to know: 1. What is the problem? 2. When will I depart? 3. When will I get there? 4. Will those waiting for me know?

The use of the checklist below will assist you in ensuring that these needs are satisfied.

**CHECK LIST**

Flight Number	Date	Agent	PSA	
DELAY STATUS	ACTION REQUIRED		INITIAL	TIME
Delayed up to 15 minutes after scheduled departure time	NONE			
Delayed more than 15 minutes after scheduled departure time	1. Passengers advised of delay information a. <b>BOARDED</b> - Advise by Captain as required. Did you keep Captain informed? (Reference PSIM 03.75) b. <b>Care time</b> - Announcement by Agent as soon as delay is certain, with update of information as announced when it becomes available. First announcement at 10 minute mark, followed at 15-20 minute intervals. c. <b>Terminal</b> - Gate agent will ensure that flight departure board is correct and responsible person is notified.			
Delayed more than 30 minutes after scheduled departure time	2. <b>Alternative Transportation</b> a. Are we considering the use of other aircraft equipment to avoid a standing delay and/or cancellation? b. Are we prepared when the delay reaches 30 minutes for commuter flights or the first TWA flight of the day to offer alternative space on DAL and/or TM subject to the responsibility of the ETO? c. Are we ready to move checked baggage in per Voluntary Surrender (VS) agreements?			
Delayed more than 45 minutes after scheduled departure time	3. <b>Downline Service</b> Did you check to ensure that the downline terminal is advised of the departure delay? 4. <b>Missconnections</b> To reposition of passenger's connection - connection message? If connection flight is from USA did you send CPL?			
Delayed more than 60 minutes after scheduled departure time	5. <b>Baggage</b> Did you see up to be given acceptance for delay?			
Delayed more than 75 minutes after scheduled departure time	6. <b>Planning</b> a. Consider transfer of passengers to other TWA and/or DAL flights b. Consider space availability on TWA and DAL flights c. Establish check-in at existing checked baggage and in-flight service provisions			
Delayed more than 90 minutes after scheduled departure time	7. <b>Food Service</b> a. Did you arrange for offer of complimentary beverage service to boarded passengers? b. Should passengers be offered an on-the-ground meal service? Staff to be onboard or at a local restaurant? c. Did you make arrangements with Commissary. Consider to inspect any inflight or ground meal - ground meal - beverage service?			
Delayed more than 120 minutes after scheduled departure time	8. <b>Transportation</b> Did you offer to have a personnel car to people waiting at downline city?			
Cancelled flight	9. <b>Reaccommodation</b> If overnight stay at TWA airport is required: 1. Determine Hotel, apply area rules 2. Arrange transportation to hotel 3. Prior action to complete baggage			

PAS-2457 1-74

USE REVERSE SIDE TO CLARIFY OR EXPLAIN THE ACTION TAKEN

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TRANS WORLD AIRLINES, INC.

03.54.07

## PASSENGER SALES AND SERVICES MANUAL

Jun-14-74

## INCONVENIENCED PASSENGERS

## ▶ ▶ E. DELAYED/CANCELED FLIGHTS ACTION PLAN (Cont'd)

## 2. PASSENGER INFORMATION

- a. TWA policy with respect to processing inconvenienced passengers involves the the personal interface, which permits more flexibility in dealing with individual problems and better demonstrates our posture with regard to consumerism.
- b. Inconvenienced passengers shall be processed individually, or in small groups wherever possible, in private rooms, vacant gates or in areas separated from other activity. The individual or individuals assigned to inform or instruct the passengers should be totally knowledgeable as to the planned course of action. It must fully reflect empathy and sincerity and the most effective solution to the problem(s) at hand.

## 3. PERSONNEL ALERT SYSTEM

- a. Each airport must have available for use by involved personnel a locally developed "fact sheet." This should include, but is not limited to, details concerning:
  - (1) Hotels
  - (2) Ground transportation
  - (3) Restaurants
  - (4) OAL reservations/ticket offices
- b. The Action Plan for each airport must provide for an alert system to notify all concerned personnel/sections of delayed/canceled flight passenger handling plans. The alert network could be the telephone or intercom briefing system that exists at some stations. If a briefing system is not available, a combination of telephones, intercoms and/or telewriters may be used to achieve similar controls. At limited activity stations just a blackboard or sign may be sufficient. Regardless of the method used, it must serve in an organized manner to let our people know what is happening, and permit them to make the judgments that are within their scope of responsibility.

## 4. COORDINATION

Overall control and primary responsibility for directing the station activities should be assigned to the ATO Chief/Supervisor assisted by the PSA where such positions exist.

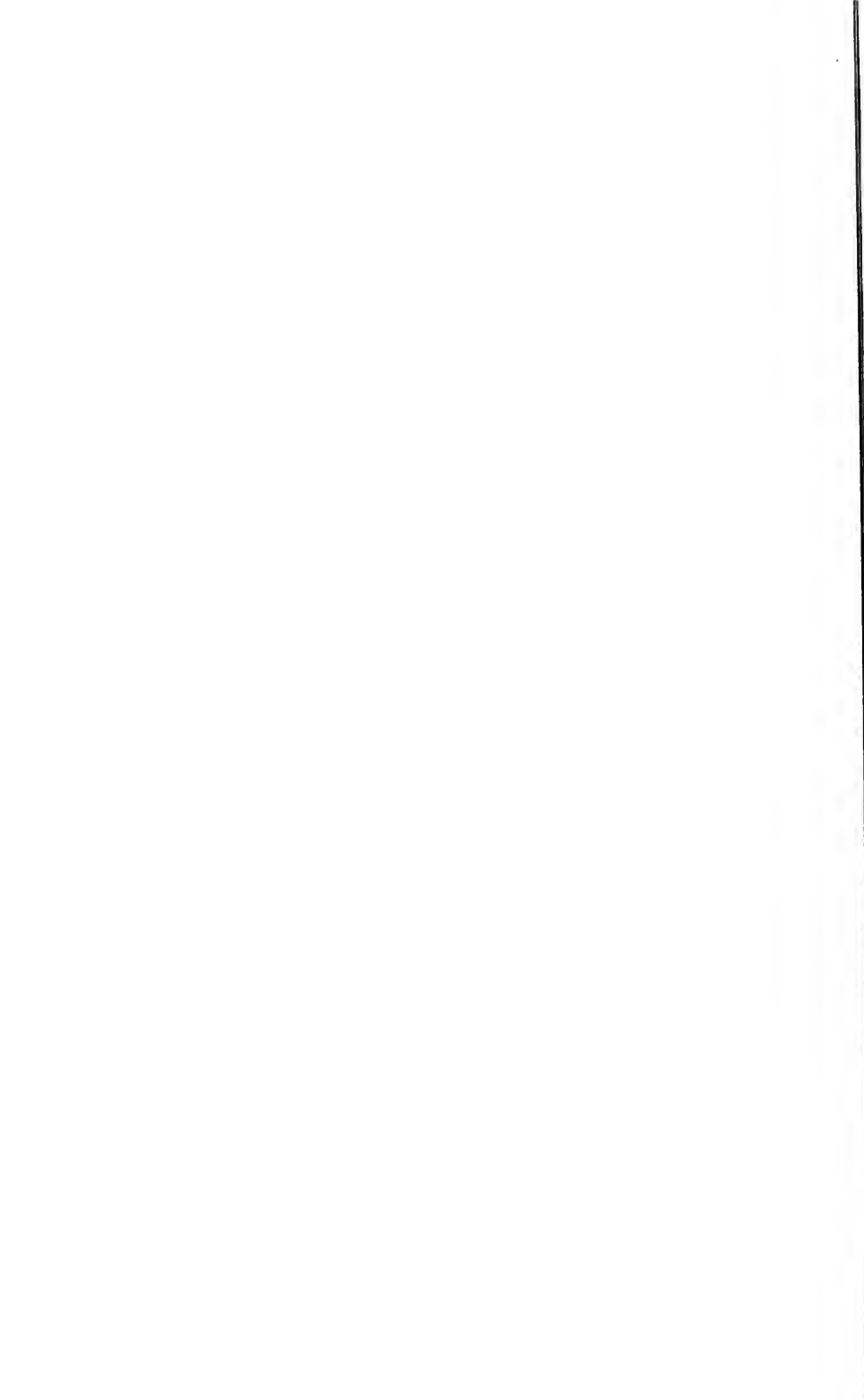
• • •

IN RESPONSE TO QUESTION NUMBER 99

TWA is aware of the fact of the possibility that passengers can be overcharged as a result of tariff complexities and has taken steps with other carriers in simplifying the tariff construction rules. Domestically, the potential overcharges are the result of two archaic fare construction rules which were implemented by the airlines to protect the consumer in the 1950's. These rules, however, require extensive manual review for proper fares to be developed under them. They cannot be used because of the complexity in present day computer applications of fare development.

Attached is an agreement among TWA and other carriers filed with the Board which will eliminate these archaic fare construction rules and implement a simplified fare construction along the standards established in the DPFI. This agreement when approved by the Civil Aeronautics Board and implemented will eliminate overcharges to passengers and save the consumer considerable amounts in terms of airline costs now currently required to assure the passenger is given the lowest available fare. The agreement is awaiting Civil Aeronautics Board disposition.

[ Subcommittee note.---Attachments submitted by TWA have been omitted.]





## UNITED AIRLINES RESPONSES TO AIRLINE QUESTIONNAIRE

1.

QUESTION: Have you seriously considered lowering fares on any major routes within the past five years? If so, did you file tariffs embodying lower fares? (docket numbers?) If not, why not? Do current Board procedures inhibit or encourage the carriers to experiment with lower rates? How?

RESPONSE: Our fares, including promotional fares, are under constant review. Only recently we filed a tariff for a Bi-Centennial Fare calling for a 20% to 25% reduction depending on season of the year and to be available on all segments of our system, with certain restrictions such as advance purchase and day of week availability. Current Board procedures allow ample flexibility for the filing of new fares.

2.

QUESTION: Do you support the type of "zone of reasonableness" fare proposal advocated by DOT and DOJ in Phase 9 of the DPFI? Do you believe such a zone would lead to lower fares? Why?

RESPONSE: In the Domestic Passenger Fare Investigation, the Department of Transportation argued at length that fares should be established solely on considerations of cost in order to achieve a proper economic allocation of resources, intermodal balance and optimal load factors. In its zone of reasonableness proposal, the DOT would permit the carriers, for all practical purposes, to ignore costs completely. Its position with respect to this board zone of reasonableness makes all of the arguments pertaining to its overall position on fare structure suspect.

One of the principal arguments advanced in support of a zone of reasonableness for fares is to promote price competition. If this is intended to mean that one carrier will charge a lower fare than another for the same service in the same market, then it cannot work. In the regulated, competitive situation presented by the air transport industry where the product is essentially undifferentiated, each carrier must charge the same price if it is to compete. One carrier may charge a lower price only so long as the competitive carrier, or carriers, elects not to be competitive. Presumably the advocates of price competition are not referring to different prices for different services in a given market since the zone of permissible fares is being proposed for the same service, i.e., day coach service, which is the fulcrum fare for the entire fare structure. Lacking any experience with a "zone of reasonableness" fare procedure, it is difficult to envision all of the results of such a proposal.

3.

QUESTION: List representative figures to indicate the approximate proportion of business and pleasure passengers you carry on a) transcontinental flights; b) major short haul routes; c) minor short haul routes; d) international routes.

RESPONSE: On our 48-state system, we carry approximately 55% business and 45% personal and pleasure travelers. On our Hawaii route, the situation is changed. Here, personal/pleasure travel is 72% and business travel 28%. We do not have data that reflects the breakdown of such travel on individual routes.

4.

QUESTION: How do you determine the proper fare for a particular city pair? Who, within your organization makes this decision? What studies are made for use in making it? Have you studied the possible effects of increased fare competition on your fares, costs, and profits? Describe in detail the studies you have made, and their conclusions.

RESPONSE: Under the Board's decision in the Domestic Passenger Fare Investigation, Phase 9, fares are the same for equivalent mileages. The fares do not differ from segment to segment if they are the same length; however, the application of promotional fares does differ from market to market. Obviously, in a market such as Hawaii, the application of certain promotional fares may be appropriate, whereas the same kind of fare might be completely inappropriate over a route such as New York-Chicago. Our Pricing Department continually evaluates fares for their application in the marketplace and new fare proposals are reviewed at corporate policy level.

5.

QUESTION: How many times during the past ten years have your company or competing airlines filed for fare increases? In which markets? How many times have you matched fare increases that the Board approved? In which markets? Has your airline, in circumstances where a competitor filed an application for a fare increase which was approved, felt pressure--formal or informal--from the CAB or its staff to file for a similar fare increase? When? Describe. Has your airline felt pressure from other airlines to match an approved fare increase? Describe.

RESPONSE: The Docket Section of the Civil Aeronautics Board undoubtedly has data which indicates the number of fare filings by the various carriers. Where fare levels have changed, they generally are effective in all markets over our system. We are not aware of any pressures, either from government or industry sources, to file for fare increases.

6.

QUESTION: Enclose a statement of your costs, revenues, gross profits, interest on debt, actual taxes paid, net return to equity, and load factors for your domestic routes, and for your international routes broken down by individual route insofar as possible for each year for the past ten years. (Indicate as well those of your costs and profits that are attributable a) Your charter operations; b) other non-scheduled airline related activities; c) non-airline activities.)

Include that same information for the nine months ending Sept. 30, 1974.

Include that same information for the following routes.\* 1) all routes on which capacity restructuring agreements have been made with other airlines; 2) those same routes prior to the time capacity restructuring agreements took effect; 3) San Francisco/Los Angeles; 4) Boston/New York; 5) Boston/Washington; 6) Washington/New York; 7) routes between the East Coast and Chicago; 8) transcontinental routes; 9) North Atlantic routes. Provide information as to the traffic density of each of these routes. How would these figures change if the load factors on these routes averaged 55% 60% 65% 70%?

\* Where applicable.

RESPONSE: Attached are copies of Schedule P-1-A of the CAB Form 41 indicating the revenue, cost and profit data for our 48-state system and for our Hawaii operation. Subsequent to 1970 the Hawaiian operation was defined by the CAB as domestic service and was not reported separately. This is the only breakdown that is available for the past ten-year period. The attached data is the only data regularly compiled; other data may have been compiled from time to time for use in various route cases, but is not applicable on this basis requested.

[The referred to filings are omitted. The material is on file with the CAB.]

7.

QUESTION: Provide a statement of actual and predicated cash flow over the past five years. Provide a statement of projected cash flow over the next five years. What load factors did you assume in arriving at the figures in these statements? How do the figures change assuming load factors of 55%? 60%? 65%? 70%?

RESPONSE: The cash flow for the past five years can be derived from Schedule B-12 of the CAB Form 41, the statement of source and application of funds.

8.

QUESTION: List your purchases and leases of new airplanes made in the past five years. How much money have you invested in new airplanes during that time? What is the rate at which you depreciated those airplanes? How were these purchases financed? If they were financed by bond sales, list the amounts and dates on which these bonds fell due.

RESPONSE:

	<u>B-747</u>	
a)	<u>Purchased and Leased</u>	
<u>Fuselage Number</u>	<u>Status</u>	<u>Date Received</u>
N-4703	Leased	6-30-70
N-4704	Leased	8-4-70
N-4710	Leased	8-8-70
N-4711	Leased	8-28-70
N-4712	Leased	8-31-70
N-4713	Owned	11-3-70
N-4714	Owned	11-28-70
N-4716	Owned	12-11-70
N-4717	Owned	12-28-70
N-4718	Owned	5-27-71
N-4719	Owned	6-26-71
N-4720	Owned	7-23-71
N-4723	Owned	1-6-72
N-4727	Owned	6-27-72
N-4732	Leased	3-19-73
N-4729	Leased	4-24-73
N-4728	Leased	4-27-73
N-4735	Leased	5-30-73

8. a) Continued

DC-10  
Purchased and Leased

<u>Fuselage Number</u>	<u>Status</u>	<u>Date Received</u>
N-1802	Leased	7-29-71
N-1804	Leased	9-27-71
N-1805	Leased	10-29-71
N-1807	Leased	12-20-71
N-1806	Leased	12-23-71
N-1808	Owned	2-27-72
N-1809	Owned	2-29-72
N-1810	Owned	4-20-72
N-1811	Owned	4-24-72
N-1812	Owned	4-27-72
N-1801	Owned	5-25-72
N-1813	Owned	5-27-72
N-1803	Owned	6-3-72
N-1814	Owned	6-23-72

DC-10  
Purchased and Leased

N-1815	Owned	7-7-72
N-601	Owned	10-10-72 Leased to Delta
N-602	Owned	11-10-72 Leased to Delta
N-603	Leased	11-28-72 Leased to Delta
N-604	Owned	1-5-73 Leased to Delta
N-1816	Owned	1-30-73
N-605	Owned	2-16-73 Leased to Delta
N-1817	Leased	3-22-73
N-1818	Leased	4-6-73
N-1821	Owned	2-13-74
N-1820	Owned	2-22-74
N-1819	Owned	4-12-74
N-1822	Owned	4-25-74
N-1823	Owned	5-2-74
N-1824	Owned	6-19-74
N-1825	Owned	6-26-74



## Continued

- b) United paid \$204,248,640 for the 9 owned B-747 aircraft. Included in this figure are advances of \$35,683,448 paid prior to 1970. United paid \$391,081,110 for the 22 owned DC-10 aircraft. Included in this figure are advances of \$16,360,515 paid prior to 1970. We also have current advances of \$35,878,106 on the 7 DC-10's to be delivered in 1975. These figures are payments to manufacturers only and exclude any capital project investments.
- c) The rate of depreciation is 6.43% per annum for the B-747 and 6.63% per annum for the DC-10 inclusive of the 7 aircraft being delivered in 1975.
- d & e) All paid in cash or leased, therefore, there are no bond sales.

9.

QUESTION: Describe your existing outstanding contracts for the purchase of airplanes or other major items of equipment. Describe other such purchases that you plan over the next five years, which are not now covered by contracts.

RESPONSE: During 1975, McDonnell Douglas will deliver 7 DC-10's at an approximate total cost of \$141,516,656 and the 5 DC-10's sub-leased to Delta will be returned to United. United has no additional firm aircraft orders. However, on December 6, 1974 United and Boeing signed a letter of understanding for the development of the B-727-300. If the specifications of this airplane can be developed to our satisfaction and if price, payment schedule, delivery dates and guarantees can be negotiated, United could order an at yet undetermined number of B-727-300's to be delivered beginning in 1978.

10.

QUESTION: List the salaries, bonuses and any other compensation paid to the ten highest paid executives in your company for each year for the past five years.

RESPONSE: Schedule G-42 of the CAB Form 41 lists all officers and their compensation.

11.

QUESTION: If your costs were to exceed your revenues each year for the next five years, by, say 5% or 10%, what steps would you take to avoid bankruptcy? Cut salaries? Renegotiate contracts with unions? Postpone dates on which payments for aircraft are due? Other? Would you reorganize the company before going into bankruptcy? What would be the effect of bankruptcy on debt holders, equity holders, the traveling public? Would the company stay in business? Were payments on airplanes rescheduled or forgiven, would it be possible to stay in business? How much leeway, in terms of cashflow, would such rescheduling or forgiveness produce?

RESPONSE: It is not possible to answer this question due to the great number of variables which would be met in any given situation. It is obvious that the company would take all possible steps if it were in the desperate straits that the question envisions.

12.

QUESTION: Do you believe the CAB ought, as its first priority, to act to prevent a possible bankruptcy by any major trunk carrier? If not its first priority, should the CAB give such a task a high priority? Under what conditions?

RESPONSE: The Civil Aeronautics Board has the statutory responsibility to foster sound conditions in air transportation. The financial health of the industry is a high-priority task for the CAB.

13.

QUESTION: Why, in your view, are the original trunk carriers--those in business in 1938--the only trunk carriers still in business? Why have no other firms in the aviation business become trunk carriers?

RESPONSE: The number of certificated carriers has expanded from 17 to 19 between 1938 and the present. Certain of the carriers which were created early in the postwar period as local service carriers now are larger than certain trunk carriers. As traffic has grown, the route system has been expanded by granting additional points to existing carriers. The CAB over the years, has created two, three and even four or more carrier competition in major markets. From time to time some supplemental carriers have sought route certificates from the CAB, but their applications were in effect designed for service in major markets which already had multi-carrier competition.

14.

**QUESTION:** If the CAB were to set a definite policy of not allowing any fare increases in the next five years, what would you do? Would you disinvest in aircraft? How can you do this? Would demand catch up to your fleet? When? Suppose the CAB cut fares by 10% or suppose fuel costs continue to increase?

**RESPONSE:** If the CAB were to not allow any fare increases for the next five years, the survival of the industry would be in doubt. So far as aircraft disinvestment is concerned, there would be virtually no market for such aircraft, since all carriers essentially would be in the same financial posture.

The airlines essentially have three major routes to improved productivity. The first is denser seating per aircraft, the second is load factor, and the third is aircraft utilization, i.e., hours flown per day per plane. Competitive considerations limit the ability to use each of these three avenues to its maximum. While it is possible to schedule aircraft for as much as twelve hours daily, there is little use in doing so if flights must take place in the middle of the night when there are no customers, such customers having used a competing carrier offering schedules at a more convenient time. The ability to elevate load factors substantially above 60% is limited by the willingness of the traveling public to accept a wait-list situation or to move to an alternate flight when a competitor offers a convenient one at the same hour as his requested flight on your line. Similarly, the ability to increase density of seating is limited by competitor, you are going to lose business and may indeed be worse off than if you had elected to remain in the same configuration as your competitor. A 10% fare cut would be a calamity for the airline industry, beset as it is by sharply rising costs. Recent proposals on fuel speak for themselves.

15.

QUESTION: Normally, low profits are a signal to an industry that its investment is too large--that it should disinvest. Is this "classical" statement applicable to the airline industry? If not, why not?

RESPONSE: While low profits may be a signal that investment is too large, the ability to disinvest in a period when all carriers have an excess of aircraft is certainly limited. In other words, where is the purchaser for the disinvestment? The critics of over-investment also should address themselves to the pressure put on the carriers to maintain ample capacity and convenient scheduling in the markets they serve. Community pressures are all directed toward having frequent non-stop service to major destinations. While this enhances service to the public, it does call for under-utilization of aircraft when the pressure is to provide added schedules at peak times of demand. Capacity utilization also is affected by the variability of demand in the industry, variation in demand by season of the year, by day of the week, and by hour of the day.

16.

QUESTION: What major factors do you believe are responsible for the airline industry's low profit over the past few years? Do you believe that CAB policies contributed to, or offset, low profits? (Specify which policies and how.)

RESPONSE: The airline industry's low profits over the past few years have resulted in large part from a decline in the historically high rates of traffic growth together with cost increases attributable to rising prices and wages which have not been fully reflected in fare and rate levels. The very substantial wage increases granted the airline industry's organized workers over the past years has put great pressure on airline earnings. Wages and benefits per employee in air transport increased by 69% over the 1967 to 1973 period. In that same period average hourly wages in manufacturing industry increased by only 43%. In construction, regarded as a high labor cost industry, the increase was 57%.

Purchase of new aircraft requires long lead times, particularly if a new type aircraft is involved. (Lead times for existing aircraft (B-747, DC-10 and B-727s) are typically 18-24 months. Derivative aircraft decisions must be made 3-4 years in advance, and new type aircraft purchases must be made 5-6 years before delivery. Such decisions are necessarily based on forecasts of market size - 5 to 10 years in the future.) With cyclical declines in economic activity and resultant slowing of traffic growth, load factors have fallen short of forecast levels on which original airplane purchases were justified. CAB policies which have contributed to the industry's recent earnings deficiencies include its authorization in earlier years of premature and excessive competitive services.

17.

QUESTION: During a recent CAB proceeding an industry witness testified: "If a carrier were absolutely certain that the CAB would allow it to go bankrupt before it were given any relief, then I believe you would see some action taking place in eliminating marginal capacity (excess capacity)". Do you agree with this statement? Why? Do you believe that the CAB's load factor standards would be more effective in controlling load factors if the CAB were less concerned to prevent airline bankruptcy or reorganizations?

RESPONSE: Faced with bankruptcy, a carrier might do many things it cannot or should not do otherwise. We believe the load factor standards should be set with adequate regard for the needs of the public as well as the financial viability of the industry. A load factor is a simple number; the factors that influence it are many and complex.

18.

QUESTION: Are your costs higher than, equal to, or lower than the industry average? By how much? Why?

RESPONSE: The attached table indicates the place of our company in available ton mile and revenue ton mile cost ranking in the domestic trunk industry.



## OPERATING COST PER ATM

	1969	1970	1971	1972	1973	12 Mo. 3Q 1974
AMOUNT						
UNITED	19.3¢	20.7¢	20.8¢	22.0¢	22.9¢	26.9
Other Trunks	19.4	20.4	20.0	21.2	22.5	26.5
UA vs OT						
Better/Worse*	0.1¢	0.3¢*	0.5¢*	0.8¢*	0.4¢*	0.4¢*

INDUSTRY RANK#  
"PAR"- TOP THREE

1.	NW	NW	NW	NW	NW	NW
2.	CO	CO	CO	CO	CO	CO
3.	NA	TW	PA	PA	PA	PA
4.	TW	PA	TW	TW	NA	NA
5.	PA	AA	AA	AA	TW	TW
6.	AA	UA	NA	NA	UA	BN
7.	UA	BN	UA	UA	AA	UA
8.	BN	DL	DL	DL	BN	AA
9.	DL	NA	BN	BN	DL	WA
10.	EA	WA	WA	WA	WA	DL
11.	WA	EA	EA	EA	EA	EA

## OPERATING COST PER RTM

	1969	1970	1971	1972	1973	12 Mo. 3Q 1974
AMOUNT						
UNITED	42.0¢	46.3¢	47.7¢	47.2¢	47.8¢	51.7
Other Trunks	42.4	45.8	46.6	46.5	50.1	55.2
UA vs OT						
Better/Worse*	0.4¢	0.5¢*	1.1¢*	0.7¢*	2.3¢	3.5

INDUSTRY RANK#  
"PAR"- TOP THREE

1.	CO	PA	PA	PA	PA	NW
2.	NW	CO	CO	CO	NW	PA
3.	PA	NW	NW	TW	TW	CO
4.	BN	BN	TW	UA	UA	UA
5.	UA	UA	UA	AA	CO	AA
6.	TW	TW	AA	NW	WA	WA
7.	AA	AA	BN	NA	NA	TW
8.	DL	DL	WA	WA	AA	BN
9.	NA	WA	NA	BN	BN	NA
10.	EA	EA	DL	DL	DL	DL
11.	WA	NA	EA	EA	EA	EA

#Ranked in order of lowest cost

EXOR  
12/5/74QUESTION 18  
Attach. 1

19.

QUESTION: List your advertising, other promotion, and office rental costs, absolutely, and as a percentage of total costs, for each year for the past five years.

RESPONSE: Following are financial figures (filed with the Civil Aeronautics Board) reporting advertising, promotion and publicity costs for the years 1969 through 1973. Figures for 1974 are not yet available but are expected to be comparable to the 1973 total with no significant increase.

	<u>Adv., Promo., Publicity</u>	<u>Total Operating Expense</u>	<u>% of Total Cost</u>
1969	\$ 34,033,647	\$1,358,232,076	2.5
1970	32,592,584	1,522,648,819	2.1
1971	26,499,773	1,492,490,970	1.8
1972	30,481,836	1,650,616,286	1.9
1973	36,276,160	1,790,890,072	2.0
1974	<u>Not Available</u>		
	\$159,884,000	<u>\$7,814,878,223</u>	<u>2.1</u>

Ticket Office figures are not available.

20.

QUESTION: Assuming that all scheduled flights remain unchanged what is the additional cost of carrying one extra passenger on a flight?

RESPONSE: The cost of an incremental single passenger on any one flight is minimal. Over time, however, as traffic growth forces expansion, the cost of a marginal or incremental passenger tends to become a fully allocated cost. The average ground cost per passenger assumed in the Domestic Passenger Fare Investigation in developing the Phase 9 fare structure was \$13.85.

21.

QUESTION: Please answer the following questions in respect to each of the following markets: San Francisco/Hawaii, New York/Hawaii, New York/Los Angeles, New York/Atlanta, Chicago/New York, New York/Miami, Boston/Washington:

- a. What are your costs per flight, (1) determined on a "fully allocated" cost basis, (2) determined on a DOC basis (as used by the CAB), (3) determined on an "incremental cost" basis (what do you include in "incremental cost")? Determine these costs insofar as possible both on a "seat-mile" basis and on an RPM basis.
- b. What are your load factors in each of those markets?

RESPONSE: The following information is exemplary of costs and load factors for a specific period (12 months ended June 30, 1973) in markets of varying distance. The data are subject to variance with level of operation, type of equipment employed and other factors. The data below was presented in the Capacity Agreement Investigation:

City Pair	RPM's	ASM's	L.F.	Fully Allocated Cost(1)		Direct Operating Cost(2)	
				Per RPM	Per ASM	Per RPM	Per ASM
FO-HNL	1,019,047	1,627,184	62.6%	4.31¢	2.70¢	1.76¢	1.12¢
LAX-HNL	1,186,753	1,979,223	60.0	4.23	2.54	1.86	1.11
NYC-LAX	659,875	1,449,360	45.5	5.75	2.62	2.83	1.29
HI-NYC	696,711	1,473,775	47.3	8.73	4.13	3.77	1.78
CHI-CLE	166,214	274,539	60.7	11.65	7.05	3.75	2.27

(1) Includes return on investment.

(2) D.O.C. as defined by CAB.

Basically, we would view incremental operating costs as the same as D.O.C. except for the depreciation element. The incremental cost of handling a passenger on United's system in the same 12 month period (food service, in-flight service and reservations) approximated 0.9¢ per passenger mile.

Cost per flight is widely variable depending upon time of day (peaking), equipment type, traffic variance (first class, coach, connection) and other changing elements.

22.

QUESTION: List the routes including international routes that you have applied for CAB permission to serve in the last five years. Indicate those routes where the CAB has granted permission. Indicate those where the CAB has denied permission. Indicate those where no action was taken by the CAB, along with the ultimate disposition of the application. As to each application, indicate the date of filing and the date of ultimate disposition along with the dates of any hearings held. Do you believe that Board actions on your route applications have generally been expeditious? If not, to what do you attribute the delay?

RESPONSE: Following is a list of route applications filed by United during the last five years and their disposition or current status:

<u>Application</u>	<u>CAB Docket Number</u>	<u>Date Filed</u>	<u>Hearing</u>	<u>Disposition</u>
Rochester-Pittsburgh	20486	1-21-69	8-7-69	Granted 4-70.
Detroit-Atlanta	20724	3-4-69	2-6-72 2-6-74	Denied 5-74.
Fresno as intermediate point between San Francisco, San Jose and Sacramento	21206	7-18-69		Dismissed as stale 1-18-73.
Columbus, Ohio- New York	20894	7-28-69		Awarded to American 9-70.
Columbus and Dayton, Ohio, to Los Angeles and San Francisco	21162	7-28-69		Pending
Seattle to Japan and China	21779 &	1-8-70 4-19-71		Pending
Las Vegas to Portland and Seattle	21136	1-15-70	6-20-70	Awaiting Decision.

<u>Application</u>	<u>CAB Docket Number</u>	<u>Date Filed</u>	<u>Hearing</u>	<u>Disposition</u>
Boston-Atlanta	22000	3-12-70		Pending
Salt Lake City-Los Angeles	24868	10-27-72		Pending
Denver to Tampa and Miami	25318	3-16-73		Pending
Fort Myers, Florida, - Atlanta, Cleveland and Pittsburgh	27237	7-20-73		Proceeding activated 12-74.
Chicago-Vancouver	25961	10-5-73		Pending
Colorado Springs on Route 1	26633	4-19-74		Pending
Ontario, California, to Washington and New York	26635	4-19-74		Pending
Kahului (Maui) Mawai to Los Angeles and San Francisco	26797	6-13-74		Denied 9-74.
Denver-Grand Rapids	26890	7-22-74		Pending
Honolulu-Vancouver	27513	9-25-74		Proceeding activated 11-74.

23.

QUESTION: Are there routes which you would consider entering if CAB approval for entering were not required? Which? Describe your reasons for considering entry to the extent you wish to do so. Does the CAB's entry policy inhibit your flying new routes? If so, describe how?

RESPONSE: It is difficult to envision the national route map which would evolve under a free entry rule. We would have to determine the optimum use of our resources in such a situation, and actions by other carriers, both those now having certification and new entrants, if any, would be strong determining forces. Consideration would have to be given to whether our financial resources were adequate to withstand an expansion of competition. Certainly there are no presently unserved routes which would be attractive on their own. The ground rules on fares and rates also would be a factor in reaching a judgment.

24.

QUESTION: Would you charge lower fares than those now being charged on any route if you were free to enter and to set lower fares?

RESPONSE: The rate level would depend on the cost structure. It is difficult to see how freedom of entry would bring lower costs.

25.

QUESTION: Are you involved in any route purchase or exchange proceedings? Which routes? Involving which carriers? How much would you be willing to pay for each of such routes? Would fares be sufficient to cover purchase costs? In your view, should such purchases or exchanges be allowed without full comparative hearings?

RESPONSE: United has not entered into any route exchange or purchase agreements although it is an intervenor in three route exchange proceedings before the CAB. Because they affect the interests of other parties, particularly other carriers and communities, United believes that route exchanges should not be approved without the opportunity for all parties to be heard.

26.

QUESTION: If you have excess capacity, can the extra planes be leased or sold elsewhere? At a loss?

RESPONSE: We have some opportunity for sale or lease. In a period of recession-induced traffic leveling, nearly all carriers are affected and markets must be found abroad or among private operators.



27.

QUESTION: Identify any routes which are certificated to you but on which service has been suspended. Do you have any present intention to resume service? When? Why were these services discontinued? Should other airlines be given the option of flying these routes?

RESPONSE: United has not suspended service on any routes which have been certificated to it.

28.

QUESTION: List your fuel costs, in absolute terms, and as a percentage of your total costs, for 1972, 1973, 1974 and projected for 1975. What has been the increase in cost per gallon during this period?

RESPONSE:

	<u>Fuel Expense</u> <u>\$ - Millions</u>	<u>% of</u> <u>Total Costs</u>
1972	196	11.5
1973	212	11.2
1974 (estimated)	314	15.4
1975 (estimated)	382	16.5

Increase in cost per gallon 1972/1975 estimated at \$.1360 per gallon, or 114%.

29.

QUESTION: If you now serve the North Atlantic, provide the details of your costs, revenues and profits for any such service for the years from 1970 through the present. What course of action will you follow if the government provides no relief in the form of subsidy or otherwise to alleviate current losses over these routes? If you do not now provide North Atlantic service, would you do so if entry were not regulated?

RESPONSE: United does not serve the North Atlantic. In view of the over competition which now exists in the North Atlantic, United chose not to apply for route authority in the pending Transatlantic Route ~~Reserved~~ Case.

*RENEWAL*

30.

QUESTION: Compare your costs in the North Atlantic market with those on San Francisco/New York and New York/Los Angeles routes. Explain the difference.

RESPONSE: This question is inapplicable to United since we do not now serve the North Atlantic.

31.

QUESTION: If the CAB certificated a number of new trunk carriers over dense traffic routes, what effect would such certification have on the industry? On your company?

RESPONSE: The effect would be highly destructive, leading to bankruptcy and attrition. Only the strongest would survive. The safety implications could be serious.

32.

QUESTION: What would the effect of a "permissive" entry policy be upon the behavior of carriers in the industry?

RESPONSE: It is not possible to answer this question in the absence of a definition of what is meant by a "permissive" entry policy. Even if defined, however, the question would be difficult to answer without giving it extended study and consideration.

33.

QUESTION: If you serve markets entirely within California or entirely within Texas, have your flights within those states been profitable? Have they been profitable on a fully allocated cost basis? On a DOC basis (per CAB)? On an incremental cost basis? What do you include in incremental costs? Have you met the fares charged by PSA and SWA?

RESPONSE: United operates extensive services entirely within California both in the large, high volume markets, as well as in a substantial number of smaller markets. In those markets--United serves competitively with PSA and SWA--the intrastate fares are the same for all three carriers. The profitability of United's intra-California operations, covering the latest periods for which these data have been presented, is set forth in the attached copy of exhibits submitted to the California Public Utilities Commission in support of an application for a fare increase.

A-54549

Exhibit No. \_\_\_\_\_

Witness: John Griffith

Date: Sept. 11, 1974

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UNITED'S PROJECTED OPERATING RESULTS WITHIN CALIFORNIANARRATIVE

This exhibit shows the projected operating results from United's services within California. <sup>1/</sup> The base year 1973 data is shown on Line 1, and is supported by an exhibit in this presentation. On Line 2, the year ended June 30, 1974 is shown. Actual revenue passenger miles for the period are used. Revenue is increased due to fare increases granted by the Civil Aeronautics Board in December 1973 and April 1974, for interstate traffic, as well as interim increases approved by the Commission for intrastate traffic. The average yield for California operations during the first six months of 1974 was \$.08382 per revenue passenger mile. One-half of the difference between this yield and the calculated yield for 1973 of \$.07407 was selected as representative for the 12-months ended June, 1974. On the expense side, United has increased its expenses to reflect only fuel expense increases, although all costs are higher. During the first six months of 1974, fuel costs have increased \$106 per block hour on a system basis. Using \$53, or one-half of the increase, an expense level is determined for the 12 months ended June, 1974. No additional expenses for increased traffic carried, or other cost increases have been considered.

United's total revenue passenger loadfactor for 1973 was 61.0%. During the 12-months ended June 30, 1974, this increased to 66.5%. The forecast year 1974 loadfactor is 66.8%. The shortage of gasoline caused an increase in short haul traffic during the first quarter. This surge in traffic appears to be diminishing as the fuel supply has increased.

Forecast 1974 results shown on line 3, are adjusted by removing the fuel related revenue increases granted by the Commission. This shows that without fare increases, the economic results of United's California operations will be a substantial loss.

The last line annualizes Calendar 1974, assuming that the Commission approves all of United's seven amendments, filed in Application 54549. Under this assumption, United's operations within the state would continue to operate at a loss.

---

<sup>1/</sup> United's operations between all pairs of points within the State of California, reflecting the total load on board each trip (intrastate and interstate) and total costs for operating those trips.

Year	Total RPM's (000)	Yield	Passenger Revenue	Total Revenue	Total Expenses	Profit (Loss)
1973	539,098	\$ .07407	\$39,933,811	\$41,277,279	\$50,640,604	\$9,363,325
12-Mo. Ended June, 1974	563,090	.07895 <sup>1/</sup>	44,455,956	45,799,424	52,291,607 <sup>1/</sup>	(6,492,183)
Forecast Calendar 1974 with RPM's increased 5% from Calendar 1973	566,053	.08382 <sup>2/</sup>	47,446,562	48,790,030	50,640,604	
Revenue Adjustment <sup>3/</sup>			1,871,668		3,202,006	
Expense Adjustment <sup>4/</sup>						
Forecast Calendar 1974 with- out fuel increases authorized by Commission through 9/4/74.			\$45,574,894		\$53,942,610	\$8,367,716)
Annualized 1974 assuming entire year with PUC authorized fuel increases including United's Seventh Amendment			\$49,466,539		\$53,942,610	\$4,476,071)

QUESTION 33 Attachment, P  
A-54549  
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QUESTION 33 Attachment, Page 3 of 6.

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- 1/ Yield and expenses adjusted by one-half of forecast 1974 adjustments.
- 2/ United's actual average yield for California operations during the first six months of 1974.
- 3/ Passenger revenue reduced to eliminate any revenue resulting from fare increases authorized by the Commission to United for fuel price increases. Such increase authorizations were dated January 15, 1974 (Decision 82354), January 29, 1974 (Decision 82413, May 29, 1974 (Decision 82908, and September 4, 1974 (Decision 83415). (See Page 3).
- 4/ Expense adjustments are limited to actual fuel cost increases of \$106 per block hour paid for the six months ended June, 1974 over year 1973. 1974 block hours are estimated to be 31,151, the same as in 1973.

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REVENUE ADJUSTMENT

	<u>Passenger Miles(000)</u>	<u>Revenue</u>	<u>Yield</u>
1973	539,098	\$39,933,811	.07407
1974 Forecast with volume increase of 5%	566,053	47,446,562	.08382
Deduct Revenue from Decision 82354 <u>1/</u>		244,050	
Deduct Revenue from Decision 82413 <u>2/</u>		331,130	
Deduct Revenue from Decision 82908 <u>3/</u>		1,156,041	
Deduct Revenue from Decision 83415 <u>4/</u>		<u>140,447</u>	
TOTAL		\$ 1,871,668	
Forecast 1974 without authorized fare increases		\$45,574,894	
Annualized 1974 assuming granting of all increases through Seventh Amendment	plus	<u>3,891,645 <u>5/</u></u>	
		<u>\$49,466,539</u>	

1/ Increase effective Jan. 20, 1974 or 94.5% of the year. Revenue estimate of \$258,254 X 94.5% = 244,050.

2/ Increase effective February 3, 1974 or 90.6% of the year. Revenue estimate of \$364,486 X 90.6% = \$331,130.

3/ Increase effective June 1, 1974 or 58.3% of the year. Revenue estimate of \$1,982,917 X 58.3% = \$1,156,041.

4/ Increase effective September 11, 1974 or 30.4% of the year. Revenue estimate of \$461,998 X 30.4% = 140,447. This represents authorized increases out of a total application for \$1,254,988.

5/ Sum of revenue effect estimates from United's Application 54549 as amended.



## QUESTION 33 Attachment, Page 5 of 6

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Exhibit No.

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SUMMARYUNITED'S FINANCIAL RESULTS FOR  
MARKETS WITHIN CALIFORNIA

Market	YEAR ENDED DECEMBER 31, 1973		
	Revenue	Expense	Profit (Loss)
BFL-FAT	\$ 75,583	\$ 210,991	\$ ( 135,408)
FAT-BFL	161,363	225,427	( 64,064)
TOTAL	236,946	436,418	( 199,472)
BFL-LAX	840,999	846,674	( 5,675)
LAX-BFL	402,151	532,053	( 129,902)
TOTAL	1,243,150	1,378,727	( 135,577)
BFL-SFO	364,250	404,933	( 40,683)
SFO-BFL	376,365	498,330	( 121,965)
TOTAL	740,615	903,263	( 162,648)
FAT-LAX	1,759,310	2,180,319	( 421,009)
LAX-FAT	1,889,382	2,059,277	( 169,895)
TOTAL	3,648,692	4,239,596	( 590,904)
FAT-SFO	1,519,091	1,814,109	( 295,018)
SFO-FAT	1,676,956	2,153,828	( 476,872)
TOTAL	3,196,047	3,967,937	( 771,890)
LAX-MRY	1,615,299	1,435,006	180,293
MRY-LAX	1,909,735	1,636,108	273,627
TOTAL	3,525,034	3,071,114	453,920
LAX-SAN	1,521,002	2,449,400	( 928,398)
SAN-LAX	1,573,691	2,433,620	( 859,929)
TOTAL	3,094,693	4,883,020	(1,788,327)
LAX-SBA	1,017,618	888,687	128,931
SBA-LAX	740,068	670,231	69,837
TOTAL	1,757,686	1,558,918	198,768

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Market	YEAR ENDED DECEMBER 31, 1973		
	Revenue	Expense	Profit(Loss)
LAX-SFO	\$ 8,377,585	\$ 10,015,674	\$ (1,638,089)
SFO-LAX	8,335,890	9,802,572	(1,466,682)
TOTAL	<u>16,713,475</u>	<u>19,818,246</u>	<u>3,104,771</u>
LAX-VIS	209,153	314,106	( 104,953)
VIS-LAX	266,394	318,814	( 52,420)
TOTAL	<u>475,547</u>	<u>632,920</u>	<u>( 157,373)</u>
MCE-MOD	48,148	183,909	( 135,761)
MOD-MCE	58,708	197,026	( 138,318)
TOTAL	<u>106,856</u>	<u>380,935</u>	<u>( 274,079)</u>
MCE-VIS	109,790	239,049	( 129,259)
VIS-MCE	81,495	221,638	( 140,143)
TOTAL	<u>191,285</u>	<u>460,687</u>	<u>( 269,402)</u>
MOD-SCK	76,552	280,466	( 203,914)
SCK-MOD	83,654	300,058	( 216,404)
TOTAL	<u>160,206</u>	<u>580,524</u>	<u>( 420,318)</u>
MOD-SFO	27,246	133,134	( 105,888)
SFO-MOD	12,863	123,712	( 110,849)
TOTAL	<u>40,109</u>	<u>256,846</u>	<u>( 216,737)</u>
MRY-SFO	909,936	914,015	( 4,079)
SFO-MRY	956,256	1,091,914	( 135,658)
TOTAL	<u>1,866,192</u>	<u>2,005,929</u>	<u>( 139,737)</u>
SBA-BFL	126,125	243,151	( 117,026)
SBA-SFO	1,151,224	917,029	234,195
SFO-SBA	1,056,695	972,568	84,127
TOTAL	<u>2,207,919</u>	<u>1,889,597</u>	<u>318,322</u>
SCK-SFO	403,008	408,510	( 5,502)
SFO-SCK	410,306	460,370	( 50,064)
TOTAL	<u>813,314</u>	<u>868,880</u>	<u>( 55,566)</u>
SFO-SMF	390,691	1,338,433	( 947,742)
SMF-SFO	742,697	1,725,463	( 982,766)
TOTAL	<u>1,133,388</u>	<u>3,063,896</u>	<u>(1,930,508)</u>
GRAND TOTAL	<u>\$ 41,277,279</u>	<u>\$ 50,640,604</u>	<u>\$ (9,363,325)</u>

34.

QUESTION: How do you decide how much capacity to offer in a market? What frequency of service to offer? Which markets to promote heavily? Who makes these decisions?

RESPONSE: Capacity offering is based on a projection of market demand, with due consideration of competitive factors beyond segment traffic, equipment availability, and, importantly, economics. Ultimate decisions are made at the corporate policy level. The Marketing Division makes advertising and promotion decisions in concert with field division management. This, too, is reviewed at corporate policy level.

35.

QUESTION: How many different classifications of inflight service do you provide? (How many different sorts of, e.g., First Class service? How many different sorts of economy service, etc?)

RESPONSE: United provides two basic classes of service on all segments - first class and coach. In some markets, United provides a third class of service - economy

36.

QUESTION: How do you decide on which routes and which flights to offer a particular classification of inflight service? Who makes these decisions?

RESPONSE: Several variations of inflight service are offered within a given class of service and several factors are used to determine the type of service to be offered. These include:

- a. Length of Trip - For example, on short haul flights service is limited because of the short time available for serving passengers.
- b. Time of Day - The type of service is dependent on the time of day and appropriateness of a particular service.
- c. Competitiveness - United has a basic philosophy to provide high quality service in all markets and in recent years has upgraded service in many markets to improve its competitive position, market share and profitability.
- d. Costs - During the last several years United has taken action to control costs in all areas. Cost control considerations may include modifying or changing a particular inflight service.

Decisions regarding which service to offer are arrived at by United's Operating Divisions (Geographic, Inflight, Food Services). The Geographic Divisions have primary responsibility since they operate as a profit center and are charged for the type of service they select.

37.

QUESTION: Could you operate as efficiently as you do now if your airline were twice its present size? Half its present size?

- a. With respect to fleet size?
- b. With respect to RPM's?
- c. With respect to passengers emplaned?

RESPONSE: We believe that our divisional organization gives us the advantage of large size with the flexibility and quick movement of a smaller company.

38.

QUESTION: In what ways and to what extent do a) CAB reporting requirements, b) CAB ticketing requirements, c) other CAB requirements impose costs on your operations? (e.g., preventing simplified passenger handling or accounting procedures)?

RESPONSE: We believe CAB reporting requirements are excessive and costly. Efforts to correct this have produced little.

39.

QUESTION: Which CAB practices or procedures do you believe to be the most burdensome or least efficient? What recommendations for changes would you make?

RESPONSE: One of the most burdensome, and in our view least productive, aspects of CAB proceedings is the massive volume of information which often must be supplied by the carriers and other parties in response to requests from those Bureaus of the CAB which are formal participants in Board proceedings. Often these requests are not merely for the production of available information, but they call for the preparation of estimates in great detail, for a number of time periods, for numerous individual markets using methods specifically prescribed by the Bureau involved. As an example, in the recent Capacity Reduction Agreements Investigation, United was requested to prepare 900 separate profit and loss forecasts for various markets and time periods. In our view, requests of this type place an inordinate burden on the parties, resulting in protracted cross examination during hearings.

A related problem is the unnecessary length of some hearings resulting from extended cross examination of witnesses on matters of detail far beyond that required to establish a factual basis for decision.

A CAB procedural requirement which we believe should be reviewed is the short time allowed for the filing of responsive documents, particularly the seven-day period which applies to the filing of answers to applications, petitions, motions and similar documents. Recognizing the time required for receipt and delivery of the affirmative and responsive documents, this period is frequently inadequate to permit reasonable evaluation of the issues, the development of a company position and the preparation of a reasoned and a well supported answer. Not only are these short response times burdensome, but they deprive the Board of the best possible arguments and evidence on both sides of the questions at issue.

## 39. Continued

Another basic difficulty is with the hearing process itself. Recognizing the need for due process, there are, nonetheless, areas in which issues presently subjected to hearings can move more expeditiously without hearings -- and without prejudice to parties' rights.

Tariff filing procedure is not efficient. The Federal Aviation Act requires air carriers to file tariffs covering their rates and charges 30 days in advance of the effective date. The CAB then has 30 days within which it may allow the tariff to go into effect, or to suspend (and investigate). In a number of cases CAB does not act to suspend until the eleventh hour which causes serious difficulties for the carriers. For many years the CAB has sought a change in the statute requiring a 45 day filing and Board action within 30 days. This would go a long way toward correcting the problem.

40.

QUESTION: How much money have you spent each year for the last five years on salaries, fees (including attorneys fees) and other costs related to CAB proceedings? How much money have you spent that is in any way attributable to Congressional lobbying?

RESPONSE: Amount of money spent in relation to CAB proceedings are not available, since they include portions of salaries of employees, fees to counsel and consultants, and other costs which cannot easily be broken down.

We do not have five year figures showing money spent in any way attributable to Congressional lobbying. For the four quarters of 1974 United reported lobbying expenditures of \$4,191.83.

41.

QUESTION: What was the total number of passengers emplaned? 1972-October 1, 1974?

RESPONSE: The total passengers emplaned from 1972 through 9/30/74 were:

(000)			
	<u>Scheduled</u>	<u>Charter</u>	<u>Total</u>
1972	28,834	757	29,591
1973	30,250	926	31,176
1974 (9 mos)	<u>23,529</u>	<u>695</u>	<u>24,224</u>
Total	<u>82,613</u>	<u>2,378</u>	<u>84,991</u>



42.

QUESTION: What was the total number of flights scheduled to operate? 1972-October 1, 1974?

RESPONSE: The total scheduled flights for the period 1972 through 9/30/74 were:

---

	Scheduled Departures
1972	552,855
1973	560,374
1974 (9 mos)	<u>378,920</u>
Total	<u>1,492,149</u>

43.

QUESTION: What was the total number of flights actually operated? 1972-October 1, 1974?

RESPONSE: The total scheduled flights actually operated for the period 1972 through 9/30/74 were:

---

	Scheduled Departures Operated
1972	546,444
1973	555,066
1974 (9 mos)	<u>377,070</u>
Total	1,478,580

In addition, during this period 9,389 extra or advance sections were also operated.

44.

QUESTION: How many persons with the primary duty of investigation or handling consumer problems did you employ? 1972-October 1, 1974?

RESPONSE: The Consumer Affairs Department (United Headquarters Offices) had the following number of employees "with the primary duty of investigating or handling consumer problems":

January, 1973 through May, 1974	-	23
June through September, 1974	-	30

Additionally the following number of employees also have specific customer service responsibilities in our field and related offices:

Personal Credit . . . . .	2
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Passenger Refunds . . . . .	27
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Passenger Relations	
Field . . . . .	5

Baggage Services	
Field . . . . .	.180
TOTAL	<u>214</u>

Total - Field and Headquarters	
. . . . .	244

45.

QUESTION: What was the total number of comments recorded? 1972-October 1, 1974?

RESPONSE: 132,037

46.

QUESTION: How many of these comments were complaints?

RESPONSE: 80,775 (61% of total comments received)

47.

QUESTION: What was the budget for Customer Relations/Consumer Affairs activities (excluding the amount paid for claims)?

RESPONSE: The budget for Customer Relations/Consumer Affairs is:  
(NOTE: Breakdown is same as shown for question #44)  
Includes salaries.

For the Consumer Affairs Department (United Headquarters Offices)

\$1,267,338

For related departments and stations (including Baggage Service)

Estimate - \$48,336,255

Total: Consumer Affairs Department plus other Headquarters and Field groups:

Estimate - \$49,603,593

48.

QUESTION: What was the total amount of claims or other monetary settlement paid?

RESPONSE: \$18,649,075 (Total system costs for period for all aspects of lost or mishandled baggage, interrupted trip expenses, and passenger and cargo policy adjustments)

\$183,110,977 (If tariff refunds included, majority of which do not involve complaints, but could be considered "consumer problems")

49.

QUESTION: What percentage of the complaints received requested some form of monetary reimbursement? 1972-October 1, 1974?

RESPONSE: \*Statistics are not available to provide a specific answer to this question. Our best estimate is that 20% of the complaints (excluding baggage loss, damage, pilferage, etc.) received requested some form of monetary compensation.

51.

QUESTION: Under what circumstances will the carrier waive the tariffs in order to settle complaints from mishandled passengers?

RESPONSE: The mishandling of a passenger is always a source of concern to United Airlines. Tariffs cannot be "waived" to settle a complaint, but we do have the ability to make adjustments on a "policy basis" if, in our opinion, the consumer's complaint is justified.

52.

QUESTION: When a complaint is received, what measures are taken to prevent recurrences?

RESPONSE: Remedial action on complaints is achieved in several ways, depending on severity. Some recurrences cannot be prevented, i.e., delays and cancellations because of weather and/or mechanical maintenance. Individual stations are advised by copy of the complaint and our reply when their performance is sub-standard.

In addition, every complaint and compliment received in writing from consumers is "coded" into one of some 400 categories from which a monthly computer run provides detailed information on our System as a whole, by Division, Region, and by individual station, office, and domicile. This information results in a "Consumer Affairs Monthly Report" that is distributed from the presidential level to the managerial level to alert all of those responsible to sources of complaint, so that they may be corrected and that complimentary comments may be reinforced and expanded.

Changes in policy and tariff are recommended and effected to minimize further complaints when they are practicable and justified.

53.

QUESTION: List the two or three airline practices that are most frequently the subject of passenger complaints. Please submit your manuals or sets of instructions related to dealing with passenger complaints.

RESPONSE: Our three major complaint areas on a fairly consistent basis are:

- a. Mishandled Baggage
- b. Food Service
  - (1) No choice of entree
  - (2) Hot food served cold
- c. Personnel
  - (1) Attitude
  - (2) Proficiency

Other major areas of complaint fluctuate depending on the season. During the winter months, complaints involving weather delays can increase significantly, whereas, the summer season normally brings in a higher number of complaints concerning unaccompanied children and quality of tour package.



54.

QUESTION: How many pieces of luggage were mishandled? 1972-October 1, 1974?

RESPONSE: Interpretation - Mishandled Bags: All bags delayed and/or permanently lost

1,458,245

55.

QUESTION: How many were lost? 1972-October 1, 1974?

RESPONSE: Interpretation: Checked baggage that is mishandled and never recovered

10,509

56.

QUESTION: How many were delayed? 1972-October 1, 1974?

RESPONSE: 1,447,736

57.

QUESTION: How many were damaged? 1972-October 1, 1974?

RESPONSE: Statistics are not available for instances of damaged baggage handled by individual stations. Damaged baggage incidents handled by EXO - Consumer Affairs totaled 9,640 for the period of January 1, 1972 through September 30, 1974.

58.

QUESTION: How many were pilfered? 1972-October 1, 1974?

RESPONSE: Pilferage incidents totaled 942 for the period January 1, 1972 through September 30, 1974.

59.

QUESTION: What was the total amount spent to settle claims for mishandled luggage? 1972-October 1, 1974?

RESPONSE: \$13,104,637

60.

QUESTION: What was the total amount spent to pay claims for lost luggage?  
1972-October 1, 1974?

RESPONSE: \$4,661,936

61. and 62.

QUESTION: What was the total amount spent to pay claims for damaged and  
repair to damaged luggage?

RESPONSE: \$3,054,149 (Our records do not separate the amount of monies  
spent for damage claims and damage repairs, but are combined  
under an account entitled "Damaged Baggage and Personal Property")

63.

QUESTION: What was the total amount spent to pay pilferage claims?  
1972-October 1, 1974?

RESPONSE: \$460,908

64.

QUESTION: What was the total amount spent to pay claims for delayed bags?  
1972-October 1, 1974?

RESPONSE: \$507,375 (Referred to by United Airlines as "Interim Expenses")

65.

QUESTION: What was the total cost of delivering delayed bags to passengers?  
1972-October 1, 1974?

RESPONSE: \$4,357,269

66.

QUESTION: What percentage of the number of claims received exceeded the  
maximum liability limits specified in the tariffs? 1972-October 1, 1974?

RESPONSE: Estimate - 29% (NOTE: This figure includes claims of up to several  
thousands of dollars)

67.

QUESTION: How many claims were denied because the baggage or its contents were unacceptable? 1972-October 1, 1974?

RESPONSE: Statistics are not available to provide a definite answer to this question. We estimate that approximately 1% of all claims are denied because the baggage or its contents were unacceptable.

68.

QUESTION: What percentage of claims were paid in full? 1972-October 1, 1974?

RESPONSE: Our best estimate of "claims paid in full" (up to our limitation of liability) is 90%.

69.

QUESTION: What percentage of claims were denied completely? 1972 - October 1, 1974.

RESPONSE: While statistics on actual number or percentage of denied baggage claims are not available, we believe 5% is a good estimate.

70.

QUESTION: State the carrier's policy regarding proof of ownership of passengers' luggage and its contents. Submit any written notice which is given to passengers explaining this policy prior to checking in luggage.

RESPONSE: Proof of ownership is determined by baggage claim check(s) held by the passenger plus proof of travel provided by the passenger's ticket receipt.

Enclosed are copies of a baggage claim check, the information presented in each ticket and of the signs posted at all baggage check-in counters. These primarily concern limitation of liability, but to some extent do imply the need of a claim check and ticket in regard to checked luggage.

## United Air Lines

## BAGGAGE CLAIM CHECK

Baggage liability limit \$500 per passenger unless excess value declared and applicable charges paid. Subject to tariff rules. Different limit for international carriage. See ticket.

ATLANTA

## ADVICE TO INTERNATIONAL PASSENGERS ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain carriers parties to such special contracts for death or personal injury to passengers is limited in most cases to proven damages not to exceed U.S. \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. For such passengers traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately U.S. \$10,000 or U.S. \$20,000. The names of carriers parties to such special contracts are available at all ticket offices of such carriers and may be examined on request. Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information, please consult your airline or insurance company representative. The limit of liability of seventy-five thousand United States Dollars above is inclusive of legal fees and costs except that in case of a claim brought in a State where provision is made for separate award of legal fees and costs, the limit shall be the sum of fifty-eight thousand United States Dollars exclusive of legal fees and costs. SEE CONDITIONS OF CONTRACT ON REVERSE SIDE OF PASSENGER COUPON.

## NOTICE OF BAGGAGE LIABILITY LIMITATIONS

Liability for loss, delay, or damage to baggage is limited as follows unless a higher value is declared in advance and additional charges are paid: (1) For most international travel (including domestic portions of international journeys) to approximately \$9.07 per pound (\$20.00 per kilo) for checked baggage and \$400 per passenger for unchecked baggage; (2) For travel wholly between U.S. points, to \$500 per passenger on most carriers (a few have lower limits). Excess valuation may not be declared on certain types of valuable articles. Carriers assume no liability for fragile or perishable articles. Further information may be obtained from the carrier.

## NOTICE

If the passenger's journey involves an ultimate destination or stop in a country other than the country of departure the Warsaw Convention may be applicable and the Convention governs and in most cases limits the liability of carriers for death or personal injury and in respect of loss of or damage to baggage. See also notice headed "Advice to International Passengers on Limitation of Liability."

1. As used in this contract "ticket" means this passenger ticket and baggage check, of which these conditions and the notices form part. "Carriage" is equivalent to "transportation." "Carrier" means all air carriers that carry or undertake to carry the passenger or his baggage hereunder or perform any other service incidental to such air carriage. "WARSAW CONVENTION" means the Convention for the Limitation of Certain Rules Relating to International Carriage by Air signed at Warsaw, 12th October 1929, or that Convention as amended at The Hague 28th September 1955, whichever may be applicable.

2. Carriage hereunder is subject to the rules and limitations relating to liability established by the Warsaw Convention unless such carriage is not "international carriage" as defined by that Convention.

3. To the extent not in conflict with the foregoing carriage and other services performed by each carrier are subject to (i) provisions contained in this ticket, (ii) applicable tariffs, (iii) carrier's conditions of carriage and related regulations which are made part hereof (and are available on application at the offices of carrier), except in transportation between a place in the United States or Canada and any place outside thereof to which tariffs in force in those countries apply.

4. Carrier's name may be abbreviated in the ticket, the full name and its abbreviation being set forth in carrier's tariffs conditions of carriage regulations or timetables. Carrier's address shall be the airport of departure shown opposite the last abbreviation of carrier's name in the ticket, the agreed stopping place or those cities set forth in this ticket or as shown in carrier's timetables as scheduled stopping places on the passenger's route. Carriage to be performed hereunder by several successive carriers is regarded as a single operation.

5. An air carrier issuing a ticket for carriage over the lines of another air carrier does so only as its agent.

CARRIER RESERVES THE RIGHT TO REFUSE CARRIAGE TO ANY PERSON WHO HAS ACQUIRED A TICKET IN VIOLATION OF APPLICABLE LAW OR CARRIER'S TARIFFS. RULES OR REGULATIONS SOLD SUBJECT TO TARIFF REGULATIONS

UNITED AIR LINES INC

6. Any exclusion or limitation of liability of carrier shall apply to and be for the benefit of agents, servants and representatives of carrier and any person whose aircraft is used by carrier for carriage and its agents, servants and representatives.

7. Checked baggage will be delivered to bearer of the baggage check. In case of damage to baggage moving in international transportation complaint must be made in writing to carrier forthwith after discovery of damage and, at the latest, within 7 days from receipt. In case of delay, complaint must be made within 14 days from date the baggage was delivered. See tariffs or conditions of carriage regarding non-international transportation.

8. This ticket is good for carriage for one year from date of issue, except as otherwise is provided in this ticket. In carrier's tariffs, conditions of carriage, or related regulations. The fare for carriage hereunder is subject to change prior to commencement of carriage. Carrier may refuse transportation if the applicable fare has not been paid.

9. Carrier undertakes to use its best efforts to carry the passenger and baggage with reasonable dispatch. Times shown in timetable or elsewhere are not guaranteed and form no part of this contract. Carrier may without notice substitute alternate carriers or aircraft, and may alter or omit stopping places shown on the ticket in case of necessity. Schedules are subject to change without notice. Carrier assumes no responsibility for making connections.

10. Passenger shall comply with Government travel requirements, present exit, entry and other required documents and arrive at airport by time fixed by carrier or, if no time is fixed, early enough to complete departure procedures.

11. No agent, servant or representative of carrier has authority to alter, modify or waive any provision of this contract.

## ADVICE TO PASSENGERS ON LIMITATIONS OF LIABILITY

AIRLINE LIABILITY FOR DEATH OR PERSONAL INJURY may be limited by the Warsaw Convention and tariff provisions in the case of travel to or from a foreign country.

LIABILITY FOR LOSS, DELAY OR DAMAGE TO BAGGAGE is limited as follows unless a higher value is declared and an extra charge is paid: (1) for most international travel (including domestic portions of international journeys) to approximately \$9.07 per pound (\$20.00 *per kilo*), for checked baggage and \$400 per passenger for unchecked baggage; (2) for travel wholly between U.S. points, to \$500 per passenger for most carriers. Special rules may apply to valuable articles.

See the notice with your ticket or consult your airline or travel agent for further information.

*United Air Lines*



71.

QUESTION: List specifically carrier's criteria for the acceptability of checked luggage. Submit any written notice which is given to passengers explaining this policy prior to the checking of luggage.

RESPONSE: Attachment 1 is a copy of our regulations concerning the acceptance of checked luggage. All of our employees have this information available to them, but we do not submit any policy in writing to the passengers prior to checking of luggage.

## United

### ACCEPTABILITY

1. **GENERAL** Accept only in accordance with applicable passenger tariffs (PF-6, Rule 340 and 345). Also, these regulations apply.

2. **STORAGE** Do not accept baggage or other personal property for storage. Refer passengers to public lockers or checkroom facilities, regardless of the length of time the articles are to be stored.

#### Size and Weight

3. **CHECK BAGGAGE** No baggage is acceptable for shipment of which the sum of the greatest outside length plus the greatest outside width plus the greatest outside height exceeds the maximum allowable 80" and 70 lbs. (See Tariff PR-6, Rule 340, K, P. 150).

4. **CABIN BAGGAGE** (Except over-the-arm garment bags covered below) must be of such dimensions that they can be securely stowed under a passenger seat. Acceptable items for carry-on may therefore not exceed the maximum agreed-to-size of 9" x 13" x 23". During takeoff and landing, items acceptable as carry-on baggage may not be placed on the floor aft of the bulkhead, windscreen or cabin divider and may not be held in a passenger's lap. After takeoff and before landing, the passenger may hold carry-on items in his lap.

#### A. Garment Bags

1) "Fold-over" type garment bags made of heavy material (fabric/vinyl/leather/etc.) and constructed over a wood or metal frame **MUST** be checked as regular baggage as space limitations do not permit them to be hung in airplane coatrooms.

2) "Over-the-arm" type garment bags containing the equivalent of two suits or less and no hard objects such as shoes, traveling kits or make-up kits, may be placed in the coatroom, overhead rack or held in passenger's lap. Those containing the equivalent of more than two suits OR hard objects may be placed **ONLY** in the coatroom, stowed under passenger's seat or placed in a Garment Bag box and handled as check baggage.

B. For electronic instruments which might interfere with cockpit instruments, see Regulations 65-2, Passenger Restrictions.

5-9. (Unassigned)

10. **SPORTING FIREARMS** and Archery equipment (bows and arrows) may not be carried aboard online flights by their owners. These items are permitted only as checked baggage in the cargo compartment.

A. Before a rifle or shotgun is accepted as checked baggage, the passenger must demonstrate to a UA employee that it is not loaded. Inspection must take place in an area away from the ticket counter and other passengers. The passenger must do the actual handling of the weapon.

B. After verifying that the rifle or shotgun is not loaded, prepare the appropriate baggage tag checking the weapon to the passenger's final destination.

C. Place the weapon in a UA carton for shipment as checked baggage. Use either a UA Sports Equipment Container (Inventory No. 954-1076-CA700) or U. Sportsliner (Inventory No. 975-1449-BO 885).

1) Both boxes measure 10" x 53" x 3" and are designed to accept all sporting firearms of "universal" size.

NOTE: Quality of construction of Sportsliner requires its being sold to passenger for charge of \$5.00.

2) Store at/near counters to be readily available to all passengers carrying sporting firearms at time of check-in. Also, provide pressure sensitive tape to secure ends of boxes and attach tags.

NOTE: When using corrugated cardboard Sports Equipment Container for shipment, pack weapon with pads (Inventory No. 975-1443-PA150) to secure and tape both ends of box with pressure sensitive tape.

D. Sidearms Generally no one may carry on or about his person a deadly or dangerous weapon invisible or visible (concealed or unconcealed).

E. Visible Sidearms are permitted only when worn by uniformed military or civilian police officers.

F. Passengers With Concealed Firearms are permitted aboard a flight provided they are, and identify themselves as:

1) Officials or employees of a municipality, state or of the United States Government who are authorized to carry arms and are traveling in an official capacity.

**United**

- 2) When such passengers are accepted, notify Captain and First Flight Attendant and provide name and seat, if known.
  - 3) Give "Advice to Armed Passenger" form (inventory No. 973-1301-FO 675) to each passenger authorized to carry firearms. (See below)
- G. Remove unauthorized hand weapons from a passenger's possession before he boards the aircraft.
- 1) If weapon is a gun, have the passenger display loaded or unloaded status in area away from other passengers.
  - 2) If loaded, have passenger remove ammunition.
  - 3) Then pack guns, including ammunition and/or all other items retained as potential weapons into a Personal Property Carrier (inventory No. 975-1447-BO884) for shipment as checked baggage.
  - 4) Indicate passenger's name, address, etc. in area provided on Personal Property Carrier.
  - 5) Use appropriate baggage tag and check box to passenger's final destination. Mark the claim check portion of the baggage tag "CW" to indicate confiscated weapon"
13. MILITARY GROUPS may carry rifles aboard regular passenger flights as well as charter flights. Suggest that all rifles be:
    - A. Packed in military rifle boxes and placed in the pits, or
    - B. Packed in UA sports equipment cartons and placed in the pits, or
    - C. As a last resort, they may be allowed to carry rifles aboard if:
      - 1) The group leader conducts an "inspection arms" before boarding for safety purposes to ensure that the firing bolts have been removed. Gather the firing bolts and place them in the cargo pits as checked baggage. The group leader certifies in writing on the passenger manifest kept by the boarding station that all bolts have been removed and that there are no bolts available to the group while on board the airplane.
      - 2) On take-offs, landings, or when the seat belt sign is on, each passenger must keep a firm grip on his rifle to prevent its moving about.
      - 3) Block seats to keep group together and separate from other passengers.
      - 4) Customer Service Agent must identify group leader to Captain and First Flight Attendant.

**ADVICE TO ARMED PASSENGERS**

Thank you for identifying yourself to us as a person authorized by Federal Aviation Regulation 121.585 to carry a firearm.

Occasionally an armed passenger asks us what he should do if another passenger causes a disturbance during flight. Our Stewardesses and Pilots have been instructed how to handle passenger disturbances without assistance from other passengers and do not expect your help.

Discharge of a firearm aboard an aircraft could cause a situation far more dangerous than the original disturbance — and this includes hijacking. Wounding or killing innocent bystanders is always a possibility but aboard an aircraft the innocent bystanders might be the Pilots and without them the flight will end in disaster. Behind the walls, under the floor, and above the ceiling there are many fuel lines, control cables, electric wires, and hydraulic systems all essential to safe flight and all subject to damage or destruction by a stray bullet or a ricochet.

One other point — If your weapon is concealed, please keep it concealed. Some passengers become quite alarmed if they notice a gun on anyone who is not in uniform.

This note does not replace your official identification, therefore, whenever you are armed, please identify yourself to our Passenger Agent each time you check-in for a flight.

## United

14. **AMMUNITION** Small-arms ammunition for personal use is acceptable provided it is packed in the manufacturer's original box, or in another box or carton, in such a way as to prevent any movement of the cartridges. When passenger checks firearms, ask him about the ammunition and how it is packaged.

NOTE: Properly packaged small arms ammunition intended for personal use is exempt from Federal regulations pertaining to hazardous material. Reference FAR, Vol. VI, Part 103.1(c), (1)

### Hazardous Material

15. **HAZARDOUS MATERIALS** The transportation of certain materials as checked, carry-off, or cabin baggage is either prohibited or restricted.

A. If there is reason to think a bag or carton might contain dry ice, mercury, tear gas, or any flammable, explosive, poisonous, corrosive, bacteriological, radioactive, or magnetic material, ask the passenger exactly what it contains.

B. Then call the Air Freight Supervisor or Lead Air Freight Agent to learn if the material can be carried at all, and if so, whether there are any special packing or loading restrictions.

C. Flammable and non-flammable compressed gases may be accepted as baggage if they are contained in appropriate Dept. of Transportation (DOT) specification cylinders or other approved containers manufactured especially for containing and transporting the particular compressed gas and pressures, and qualifies for the free baggage allowance specified in the Passenger Rules Tariff. When the pressurized container does not qualify for the free baggage allowance, it may be shipped as excess baggage or PRAF.

D. If the cylinder is not DOT approved, it may be checked as baggage and qualifies for the free baggage allowance specified in the Passenger Rules Tariff. When it does not qualify for the free baggage allowance, it may be shipped as excess baggage or PRAF. The passenger-owned equipment must have the cylinder depressurized to a maximum of 50 PSI. Release of 50 PSI due to damage in a cylinder shell or valve is harmless. For this reason, cylinders pressurized to 50 PSI do not need protection. However, both cylinder and its valve should have some kind of protection against rough handling which could damage the assembly and make it useless or dangerous in any future use when the cylinder is fully pressurized. Pressurization to a maximum of 50 PSI prevents moisture from forming inside the cylinder.

E. In the case of materials (radio-active, magnetic, etc.) that can be carried, but are subject to loading restrictions, notify the Load Planner. He will coordinate any special handling required.

16. **U. S. WEATHER BUREAU** mercurial barometers are acceptable as cabin baggage if:

A. Stored in coatroom:

B. Secured upright with the coatroom tie-downs; and

C. Tagged with an online yellow transfer tag

### Batteries

17. **WET STORAGE BATTERIES** are acceptable only if they are of the "Electrolyte Retaining, Non-Spill" type.

A. If in a container, make sure the markings on the container clearly indicate that the battery is the approved type.

B. If new/reel/TV cameras are presented as baggage, make sure batteries are the approved type. If high-intensity lights are a part of the photographic gear being checked, make sure batteries are disconnected before boxing.

C. If in doubt, call the Air Freight Supervisor or Lead Air Freight Agent.

### Fragile Articles

18. **DO NOT ACCEPT AS CHECKED BAGGAGE** any article which, in your opinion, will not withstand routine handling. Use good judgment, based on the nature of the article and how it is packed. Unacceptable articles include liquids, radios, tape recorders, dictation machines, portable TV sets, typewriters, cameras, cosmetic cases, hatboxes, etc. (Articles not accepted for checking may be carried as cabin baggage provided they are within the prescribed dimensions, or a seat is purchased for them.)

NOTE: If a passenger insists on checking fragile articles, put a Fragile Sticker (#0309-973-LA 033) on both the claim check and the strap tag over the liability statement. For single-destination tags, put the sticker between the city code and the flight number. For transfer tags, put one over the liability statement on the claim check, and one at the top right half of the strap tag.

## United

19. FOR LOOSE ARTICLES which cannot be otherwise checked, two types of corrugated boxes are available:

- A. The General Purpose Box is 15" square by 17" high. When ordering, specify inventory #0026-975-B0875.
- B. The Garment Bag Box is 25" by 16" by 7". When ordering, specify inventory #0027-975-B0876. A "tube" for use with the above is boxed 50 to a package, and one package is required for each pack of boxes. Specify inventory #0028-975-T0039 for the tube.

### Bicycles

20. BICYCLES are acceptable as checked baggage. The excess baggage charge for a single piece of baggage applies. These criteria must be met:

- A. The bicycle is a single seat touring or racing model.
- B. It is enclosed in a cardboard container, with the handlebars fixed sideways and the pedals removed.

NOTE: A box, 70" x 7-1/2" x 33" is available, free to the passenger, for shipping standard size bicycles.

### Musical Instruments

21. BASS VIOLINS AND CELLOS are acceptable as baggage for online transportation, if they are in a sturdy and rigid case. They may be carried in cargo pits as checked baggage, or in the cabin on a half-fare basis.

- A. Advance Arrangements must be made through local Reservations Office which will arrange for commitment of cargo space or make a seat reservation for instrument if it must be carried in the cabin. The reserved seat must always be immediately behind a bulkhead, galley or cabin divider, and may not be in a row of seats at a window exit.
- B. Requests for cargo space received for flight less than 24 hours in advance should be declined.
- C. Reservations will indicate whether a seat has been reserved for the instrument or whether it will be carried as checked baggage. This information will appear on the airport copy of the PLR.
- D. Transportation charge for these instruments, if carried in cabin, is one-half the applicable one-way fare for the class of service used by the passenger from airport of origin to the airport of stopover or destination (online). If checked as part of regular passenger baggage, regular excess baggage charges apply. If too large to be carried in pit, must be sent as air freight at applicable charges.

22. GUITARS, AMPLIFIERS, SPEAKERS, etc. may be checked as baggage if they are enclosed in a hard/rigid case, or transported in the cabin.

EXCEPTION: If guitars are carried in the cabin, and they're small enough, they may be placed under a seat. Otherwise, they must be stowed in a closet (no more than two to a closet). Check with the flight attendant to see if such space is available. If it isn't, guitars must be checked as baggage and carried in a cargo pit. On airplanes where closets have doors, guitars need not be tied down. In all other closets, use the tie-down straps to secure the guitar. Also, guitars may occupy a cabin seat at the applicable fare (see paragraph 21).

- A. If transported in the cabin of standard size aircraft, these instruments must be kept in the seat next to the passenger. The passenger and instrument must occupy a row of seats immediately behind a bulkhead, galley or cabin divider, and that row of seats must not be located at an emergency exit.

- B. Wide Body Aircraft

747- Musical instruments may be secured in a bulkhead, window seat or in one of two center seats in a row immediately aft of a bulkhead (current configuration seats 1A-F and 17, 27, 36 E-F are allowable).

DC-10- Musical instruments may be secured in one of the center pair of seats immediately aft of the forward lounge area or in one of the two center seats in a row immediately aft of a bulkhead (current configuration seats 5C-D and 12, 21D-E are allowable).

- C. The charge for a cabin seat is the same as for bass violins and cellos.

23. OTHER INSTRUMENTS are acceptable as checked baggage provided they are packed in a rigid case and do not exceed pit dimensions or maximum weight. Such instruments are also acceptable as cabin baggage if they do not exceed prescribed dimensions.

### 24. CHECK-IN AND BOARDING PROCEDURES

- A. Checked Baggage - Bass Violins/Cellos Prepare baggage tag showing the combined weight of the instrument and case. Write the passenger's name on back of baggage tag.

- B. Checked Baggage - Guitars/Amplifiers/Etc.

- 1) Instruments must be enclosed in a hard/rigid case.
- 2) Guitar strings must be loosened by the owner before it will be accepted for checking.

## United

3) If carried as checked baggage, the instrument will be included in determining the free baggage allowance and/or any excess baggage charges.

### C. Cabin Baggage - Base Violins/Cellos

- 1) Weigh and tag instrument as cabin baggage. Notify Load Planning of weight.
- 2) Arrange for early boarding of passenger and instrument (passenger should loosen strings).
- 3) Ask Ramp Service to assist passenger in carrying the instrument to the cabin.
- 4) Place the instrument at a window seat in the row of seats immediately behind a bulkhead or class divider.

NOTE: If this seat is at an emergency exit, the passenger and instrument must be accommodated in another section of the airplane at the applicable fare.

- 5) Wrap a cargo strap around the base of the seat leg at the floor and around the "peg" which has been extended from the case of the bass viol about 2". Pull the strap tight to provide maximum clearance between viol and forward wall. This will leave about 22" clearance.
- 6) In all cases, use seat belts and extensions or a cargo strap to secure the instrument in the seat.
- 7) In PLM Remarks Section, show name of passenger, destination and type of instrument. Do not include instrument's seat in passenger totals for close-out on PLM.

D. Cabin Baggage - Most large musical instruments which will not fit under a passenger seat must be placed in proper cases and checked as baggage, or a seat can be purchased at half-fare.

EXCEPTION: Some musicians, such as concert violinists, travel with very valuable instruments. UA accepts this type of instrument for carry-on as long as it can be stowed under the seat.

25. SECURING CARRY-ON BAGGAGE IN SEATS. Carry-on baggage (if it cannot be stowed under a passenger's seat or against a bulkhead\*) may be carried in a foremost passenger seat\*\* if:

A. It is secured to prevent shifting under all normally anticipated flight and ground conditions

\* Only carry-on baggage of underseat size is acceptable for stowing against bulkhead.

\*\* Seats so occupied must be purchased at half-fare.

B. It is packaged or covered to prevent injury to passengers.

C. It does not overload the seat or floor.

D. It does not restrict the aisle or access to any exit.

E. It does not obscure view of "No Smoking" and "Seat Belt" signs.

26. (Unassigned)

### 27. LIVE ANIMALS AS CARRY-ON BAGGAGE

A. In certain instances very small live animals (cats, dogs, household birds) are permitted as carry-on baggage on UA flights on an on-line basis.

B. Reservations advises the passenger of limitations on kennel size and pet acceptability.

- 1) UA provided kennel is made of lightweight material.
  - 2) Maximum height of kennel is 8".
  - 3) Customer-owned kennels must meet UA requirements for strength and durability.
- C. If passenger's PNR shows no record of kennel reservation, make Apollo list call (L/PETC) to determine if confirmation can be made.

D. The charge to the passenger is the same as the standard rate for all kennels - twice the excess baggage rate for the segments traveled. There is no charge for the pet liner. Charges are to be entered on the Excess Baggage Ticket stock.

E. Pets must meet all health requirements as set forth. Hawaii bound carry-on pets must go through 120-day mandatory quarantine.

F. One pet permitted per carry-on kennel, except that puppies or kittens less than 10 weeks of age may be placed in one kennel.

G. Pets should not be fed for 6 to 12 hours before departure; some water is all right. Also, veterinarian advice should be sought about tranquilizers.

H. Aircraft are limited to one pet liner per compartment on standard aircraft, and one per zone on DC-10s and 747s.

- 1) Pet liner must go under seat directly in front of passenger during take-off and landing, and must remain at passengers feet during flight.
- 2) Passenger and kennel may not be seated in exit row of seats.
- 3) Pet may not be removed from pet liner during flight. Passenger may insert hand into kennel through the end flap to quiet pet during flight.

72.

QUESTION: What security measures are taken at airport baggage claim areas to prevent baggage theft?

RESPONSE: At most airports, we have security service or our own employees matching baggage claim checks to the actual bag tag to ensure that the customer has retrieved his own luggage.

73.

QUESTION: What are the procedures for the processing of claims regarding pilferage from a passenger's checked bag?

RESPONSE: Attachment 2 are procedures followed when a customer has reported pilferage.

**United**

PASSENGER - MISHANDLED BAGGAGE &  
PERSONAL PROPERTY, 65-15  
REVISION #22 10/1/73  
Remove 53 and 54. Insert 53 and 54.  
Published for EXOPW. Issued by EXORG.

**BAGGAGE PILFERAGE**

1. **BAGGAGE PILFERAGE** is the theft or mysterious disappearance of any personal property from baggage which has been in the custody of UA.

2. **ANY REPORT OF BAGGAGE PILFERAGE** reflects on the integrity of UA and its employees. Therefore, company policy requires immediate investigation by the local manager, or designated supervisor, and a prompt report to appropriate offices. Agents must not use Loss Report (UPS 409L) or Mishandled Baggage Report (UPS 1304) to report alleged pilferage, but must, instead, notify the supervisor on duty.

3. **DISCUSSION WITH PASSENGER** The manager or supervisor should discuss the matter as thoroughly as possible with the passenger and complete the Alleged Baggage Pilferage Report (UPS 2369). Make no commitment to the passenger. The passenger may be informed that the loss will be investigated and that he will receive further word from UA.

4. **IMMEDIATE ADVICE** At the conclusion of the discussion with the passenger, the manager or supervisor should place a Unitel call to the manager(s) or supervisor(s) involved upline station(s) and provide them with sufficient detail of the alleged pilferage that immediate local investigation may be initiated as required.

5. **MANAGER'S REPORT** When a passenger alleges baggage pilferage, the UA office in touch with the passenger must prepare and distribute a written report within 24 hours.

**EXCEPTION:** If claim is \$50 or less, no system report is required. Accumulate records of all such claim payments and submit them in a Summary of Pilferage Claims report letter to your local manager at the end of each month.

A. Base the report on the discussion with the passenger and the information on the Alleged Baggage Pilferage Report (UPS 2369).

B. Include the manager or investigating supervisor's opinion as to the validity of the claim and his recommendation about a settlement, or notification that he has settled the claim locally. (See "Claim Settlement", later in this section.)

C. Mail the report in Confidential Company Mail envelopes (EN 420) marked "To be opened only by addressee". Distribute to:

- 1) VR - Regional Vice President
- 2) Area Manager
- 3) Area IV Offices. (A TLIV, DCAIV, JFKIV, ORDIV, SFOIV). In unusual circumstances, copy to EXOIV.
- 4) EXOPW - Manager of Consumer Relations
- 5) OZ/SA at origin station (and - OZ/SZ at connecting stations, if applicable)
- 6) Local OZ/SZ file.

**NOTE:** Copies addressed to the Investigation Division and EXOPW are for their information only. Request for Investigation, if warranted, must be made through administrative channels as explained in Regulations 5-4.

6. **CLAIM SETTLEMENT** Claims:

A. Up to \$250 must be authorized by the Manager of Station Operations, Station Operations Manager or City Manager.

B. Up to \$500 must be authorized by the Regional Vice President.

7. **INTERNATIONAL CLAIMS-LIMITATIONS** Any ticket which includes international travel, or is issued in conjunction with a ticket for international transportation, is governed by the limits of liability of the Warsaw Agreement. Baggage weight is the determining factor. The limitation is \$18.00 per kilogram of checked weight, or, for our purposes, \$8.16 per pound.

**EXAMPLE:** Maximum liability for items allegedly pilfered from a 44 lb. bag may not exceed \$359.04, or \$81.60 for a 10 lb. bag.

Actual weight of the suitcase, plus the missing item(s) would have to be determined if not indicated on the passenger's ticket or baggage tag.



*United*

7. IF MORE DETAILED INFORMATION IS NEEDED from the passenger, you may ask him to complete and return a Missing Property Questionnaire (UPS2368). If a claim appears to be questionable you may use the example letter below:

Dear

We are very concerned to have received a report of items missing from your baggage during your recent trip. This is a very unusual occurrence, as we place great emphasis on the security of our passengers' belongings.

You may be assured every possibility will be investigated. Since this loss occurred while your luggage was being transported interstate, we are required to file a report with the Federal Bureau of Investigation. The FBI has jurisdiction over all cases of theft on the interstate shipments.

In the meantime, I am enclosing two copies of our claim form. If you have not located the property, please complete both of these forms and return one of them to my attention. This copy must be signed by you and notarized before being returned to this office. The extra copy is for your record.

If you have not already done so, please double-check your home and any other area involved to make certain that the missing items were not inadvertently left behind when you were packing.

I apologize for this additional paperwork, but I am sure you can understand the necessity of a sworn statement in a matter of this serious nature. Thank you for your assistance and I will expect to hear from you very shortly.

Sincerely,

8. IF THE CLAIM does not appear to be valid, tactfully deny.

9. IF THE CLAIM is over \$25 and is paid, and investigation reveals that another carrier could have been responsible, send all details to EXOPW.

**United**

Prepare Original only  
and route to local  
Customer Services Manager

UNITED AIR LINES  
**ALLEGED BAGGAGE PILFERAGE REPORT**  
SEE REGULATIONS 65-15

PASSENGER'S NAME, INITIALS - MR. MRS. MISS

PERMANENT ADDRESS - NUMBER AND STREET

CITY, STATE, ZIP CODE

AREA CODE AND PHONE NUMBER

Detailed description of the missing article (including estimated weight unless the article is very small). Make every effort to obtain the serial numbers of such articles as cameras, camera lenses, watches, binoculars, firearms, etc.

Original purchase price, the name and address of store where purchased, and the date of purchase. (If passenger did not purchase article, ask him to estimate its original cost and current value)

Where and when item last seen. Determine when the passenger last definitely saw the missing article and when he first noticed the loss of it.

Who packed article in bag. Determine if passenger packed own bag or if another person packed for him. Discuss possibility that article was never packed.

Location in bag. Determine if article was easily accessible or if it was concealed under other contents. Also determine if other contents disturbed and if there were other valuable articles which were not taken. If the baggage (with other contents) is present during the discussion, notice whether bag is tightly or loosely packed and whether there would have been room for the article alleged to be missing.

Condition of bag. Determine if bag was locked or unlocked when checked, and if it was still locked when received at destination. Determine if locks have been broken, picked, forced, or otherwise tampered with. If baggage is present during the discussion, notice whether the general quality of the bag and other contents is consistent with the value placed on the missing article.

Baggage tag serial number(s)

Type

Color

Destination

Complete routing, including flight numbers of flights for which baggage was checked. If baggage was mishandled en route, report all details including length of time baggage was delayed.

Time and place of check-in. Determine whether baggage was checked at airport or at a downtown terminal, and how long before departure time it was checked.

Transportation to the place of check-in. Determine whether passenger came from private home or from a hotel, railroad station, or bus station. Determine whether he used private car or some form of public transportation. Possibility that pilferage occurred prior to check-in should be thoroughly discussed with passenger.

Transportation at destination. Determine whether passenger went to private home or to a hotel, etc, the type of transportation used, and whether baggage was exposed to tampering en route. Possibility that pilferage occurred after passenger left airport should be thoroughly discussed.

Supervisor's recommendation for settlement (Continue on other side if necessary)

LP52369 REV. 2-74 PRINTED IN U.S.A.

CO. ADD. CODE

REPORT PREPARED BY (SUPERVISOR'S NAME)

DATE

/ /

Please attach the originals, or copies, of your baggage claim check, ticket receipts, and receipts of your missing articles, if available.

When and where did you last see the missing property? ☐ YES ☐ NO Has loss been reported to another airline? If yes, please give airline and city where reported.

**TOTAL  
COST** 

[illegible]

☐ NO ☐ YES

COMPANY	ADDRESS
---------	---------

ADDITIONAL COMMENTS-Please make any additional comments on the reverse side and check box ☐ SEE OTHER SIDE

74.

QUESTION: What is the average length of time required to settle a claim for lost or pilferred baggage?

RESPONSE: 35 days from date of loss.

75.

QUESTION: What are the procedures regarding the investigation of the validity of a claim?

RESPONSE: Upon receipt of a loss claim, usually 10 days following loss, the claim form is reviewed for completeness. The following documents are usually attached: passenger ticket receipt, baggage claim check, declaration of value of contents and bag. If any of these documents are missing the passenger may be asked to forward them to our Central Baggage Services office. And, unless one of the following occurs, the passenger's claim is settled for full value when we are satisfied that a loss did in fact occur.

1. No claim check
2. Claim received after 45 days from travel date
3. Late report
4. Suspicious indicated by UA station personnel
5. No or little contact from passenger after initial report (Apparent lack of concern regarding loss)
6. Inconsistencies between United station report and passengers claim
7. More than one bag lost and none found
8. Items listed on PPQ too many for size of bag or inconsistent with duration of trip
9. Excess value declared and/or large value claimed
10. Previous claims (s) with United and/or other airline (s)
11. No visible means of support or self-employed (when coupled with other reasons)
12. Pressure brought for quick payment-indicating more interest in settlement than return of property
13. Investigative report from retail credit or other agency (s)
14. Purchase of expensive clothes from out of town stores and/or unable to substantiate ownership and value

Any unusual investigations are conducted into by the United Airlines Security and Investigation Division or by an independent firm, such as Retail Credit Co. or Crawford and Co. and the USPS.

76.

QUESTION: What is the procedure used by the reservations staff to confirm requests for seats during periods when the computers are down?

RESPONSE: Attachment 3 are procedures used to confirm reservations when our computers are down.



# Apollo System procedures

## 60. FALLBACK & RECOVERY

### D. Schedules

- 1) CARD or other reference material will be used as an alternate for Apollo schedule displays.

### E. Availability (UA)

- 1) Reservations Offices are responsible for maintaining alternate availability information. ATO's/CTO's will call reservations for their availability needs.
- 2) Until alternate availability information is established, local supervision should consider:
  - a) If all offices are not affected by the outage, establish telephone link to a non-affected office for availability information.
  - b) If all offices are affected by the outage, consult with local OA management to obtain UA availability stored in their computer.
- 3) When system has been down for a two hour period (or is expected to be down for two hours) HDQRR will send a Unimatic message to all affected reservations offices listing restricted flight/date/class segments for today and tomorrow.
- 4) When the system has been down for a three hour period (or is expected to be down for three hours or more) HDQRR will send a Unimatic message to all affected reservations offices listing restricted flight/date/class segments for a seven day period (today plus six days).
- 5) When the system is down for less than two hours, each reservations office will develop their own list of restricted flights for the current period (today and tomorrow). This will be based upon any planned load information available, historical knowledge of popular flights, peak travel season, etc.
- 6) Availability beyond the periods described in 3), 4) and 5) above will be assumed open with the exception of holiday black periods. Extreme caution must be exercised with known heavy booking periods.

DATE 1/15/73

*United Air Lines*

Page 4



# Apollo System procedures

## 60. FALLBACK & RECOVERY

- 7) Each reservations office will determine the most expedient method to disseminate availability status to the reservations sales agents.

### F. Availability (OA)

- 1) When local access exists, contact the other carrier direct for availability.
- 2) When local access does not exist, process OA segments on a NN basis.
- 3) On current day transactions, give the complete transaction to OA by phone. Enter OA segment a: "HK" on the fallback reservations card.
- 4) Beyond current day, accept availability quote and enter on fallback reservations card as "SS". These transactions will be reported to OA by manual Unimatic messages.



## UNITED'S INFLIGHT APOLLO

MARKET	FLIGHT	DAY of WEEK	DATE
ALL	All 737's/First Class	All	JAN 1 - INFINITY
ALL	All	Sa	JAN 4
ALL	All	Su	JAN 5
ALL	Out of Florida	All	JAN 1 - JAN 6
ATL BUF	836F	Mo	JAN 20
ATL ORF	802F	Th	FEB 27
BAL DTW	87F	Mo	APR 7
BAL ORD	821F	Su	AUG 31
BAL ORD	171F	Mo, Th, Mo	MAY 19, JUL 24, SEP 8
BOS CLE	999F	Fr	AUG 29
BOS MKE	301F	Su, We	FEB 2, APR 9
CLE ATL	269F	Su, Mo	FEB 2, 24
CLE BAL	966F	Mo	MAY 12
CLE BOS	732F	Fr	JAN 31
CLE DCA	908F	Sa	JAN 25, MAR 22
CLE MKE	301F	Su	APR 20
CLE MKE	301	Su	JAN 1 - MAR 1
CLE MKE	701F	Sa	JAN 4
CLE MSY	255F	We	FEB 12, MAR 12
CLE ORD	471F	Mo	MAR 24
CLE PHL	406F	We, Su	FEB 12, MAR 16
DCA CLE	357F	Mo	JAN 20
DCA CLE	455F	Su	MAR 23
DCA PHF	798F	Sa	MAR 22
DEN LAS	857	Su, Th	JAN 1 - MAR 1
DEN SLC	747F	Th	JAN 30
HNL ORD	990F	Fr, Sa	JAN 1 - MAR 1
JFK LAX	5F	Mo	JUL 7
LAS DEN	832/962	Su	JAN 1 - MAR 1
LAS DTW	618	Su	JAN 1 - MAR 1
LAX SFO	405K, 504K, 506K	Sa	MAY 31
LGA CLE	469F	Fr	MAY 2
MBS ORD	453Y	Mo	AUG 11
MSY CLE	230F	Mo	MAR 10
OAK PDX	206F	Fr	JAN 24
OMA DEN	857	Su	JAN 1 - MAR 1
OMA ORD	430F	Th	FEB 13
ORD CLE	364F	Sa, Tu, Fr	JAN 25, FEB 11, MAY 9
ORD CLE	642F	We	JAN 29
ORD HNL	953	Sa	JAN 1 - MAR 1
ORD LAN	538	All	JAN 1 - MAR 1
ORD MBS	276F	Th	AUG 7
ORD OAK	221F	Mo	FEB 24
ORD YYZ	682	All	JAN 1 - APR 1
ORF ATL	675F	Sa	MAR 15
PDX SFO	365F	Mo	MAR 17
PHF ATL	675F	Mo	MAR 24
PHL ROC	971F	Tu	JAN 7
ROC BUF	139F	Tu	JAN 7
SFO LAX	529K, 533K, 551K	Fr	MAY 30
SFO SEA	388F	Fr	FEB 21
SFO SEA	242F	Fr	MAR 14
YVR SFO	330F	Tu	APR 1

# TAX AND DISCOUNT CONVERSION TABLE

Base Fares This Page \$459.26 - \$462.96

459.26-460.19

	FARE	TAX	TOTAL
BASE	459.26	36.74	496.00
RT	918.52	73.48	992.00
50%	229.63	18.37	248.00
66-2/3%	306.17	24.49	330.66
75%	344.45	27.56	372.01
92%	422.54	33.80	456.34
166-2/3%	765.43	61.23	826.66
BASE	460.19	36.81	497.00
RT	920.38	73.62	994.00
50%	230.10	18.41	248.51
66-2/3%	306.79	24.54	331.33
75%	345.15	27.61	372.76
92%	423.37	33.87	457.24
166-2/3%	766.98	61.36	828.34

461.11-462.04

	FARE	TAX	TOTAL
BASE	461.11	36.89	498.00
RT	922.22	73.78	996.00
50%	230.56	18.44	249.00
66-2/3%	307.41	24.59	332.00
75%	345.84	27.67	373.51
92%	424.25	33.94	458.19
166-2/3%	768.52	61.48	830.00
BASE	462.04	36.96	499.00
RT	924.08	73.92	998.00
50%	231.02	18.48	249.50
66-2/3%	308.03	24.64	332.67
75%	346.53	27.72	374.25
92%	425.09	34.01	459.10
166-2/3%	770.07	61.61	831.68

462.96

	FARE	TAX	TOTAL
BASE	462.96	37.04	500.00
RT	925.92	74.08	1000.00
50%	231.48	18.52	250.00
66-2/3%	308.64	24.69	333.33
75%	347.22	27.78	375.00
92%	425.93	34.07	460.00
166-2/3%	771.60	61.73	833.33

## SECURITY SURCHARGE TABLE

Appropriate charges must be added to the fares shown—dependent upon number of flight coupons involved.

Number of Coupons	Security Surcharge	Tax	Total
1	.34	.03	.37
2	.68	.05	.73
3	1.02	.08	1.10
4	1.36	.11	1.47
5	1.70	.14	1.84
6	2.04	.16	2.20
7	2.38	.19	2.57
8	2.72	.22	2.94
9	3.06	.24	3.30
10	3.40	.27	3.67

77.

QUESTION: What procedures are taken by the accounting staff to check the accuracy of rate computations and to refund any applicable overcharges to passengers?

RESPONSE: United's Revenue Accounting System is completely automated. About half of our tickets are produced through our automated fare quote and ticketing system containing 350,000 fares resulting in almost 100 percent accurate pricing.

The other half of our tickets are prepared manually by Travel Agencies, Commercial Customers and our own Company ticketing agents. These manually priced tickets are repriced by our computer system. Our computer price is compared to the agent ticketed price and differences suspended for a manual re-audit.

Refund of overcharges and billing of undercharges detected in the manual re-audit are accomplished as follows:

Credit Sales:

The credit charge slip is reduced to the correct tariff fare and tax total prior to billing the customer.

Cash Sales:

Travel agent and commercial account sales are resolved through contact with the selling offices.

Sales by United are resolved by correspondence, using customer addresses from reservation records and/or contacts with selling offices.

78.

QUESTION: What is the average lapse of time required to process refunds on unused tickets, or to refund fare adjustments on partially used tickets?

RESPONSE: Approximately 45 to 50% of United's refund applications are processed immediately by our travel agent or at our field counter. The remainder, which is processed by our headquarters location, averages 2 weeks from the date of application to the date a check is mailed to the customer or a credit mailed to a credit company in the passenger's behalf. Lost tickets, an exception to this procedure, are covered in the response to a subsequent question.

79.

QUESTION: What percentage of passengers made arrangements for such services as car rentals or hotels through the carrier's Reservations Offices? What is the cost to the carrier of providing such services?

RESPONSE: Approximately 3% of United's passengers make arrangements for car rentals through our Reservations Offices. Our cost to provide this service is approximately \$1.00 per reservation. We do not have any data regarding the booking of hotels through our Reservations Offices.

80.

QUESTION: What are the procedures for notifying passengers of schedule changes? Is automatic protection offered to the affected passengers on all flights which are canceled as the result of a schedule change?

RESPONSE: During schedule changes, all passengers on canceled flights are automatically rebooked on alternate online service if it is available within a reasonable time of their original schedule. They are then advised of the change by the appropriate Reservations Office. If no acceptable online alternate schedule is available, the passenger is contacted and rescheduled via another airline. The parameters for reasonable time are 5 minutes earlier and 20 minutes later than the original scheduled time.

81.

QUESTION: What is the carrier's policy regarding the replacement of lost or stolen tickets? What is the policy regarding the refund of such a lost or stolen ticket?

RESPONSE: United will replace a lost ticket at a field location if field records indicate that the ticket has been found and turned in to United. United will refund a lost ticket at our headquarters location for a \$5.00 service charge within 40 to 55 days provided that:

- a) Application therefore has been made not later than one month after the expiration date of the lost ticket.
- b) Application is made on form prescribed on United.
- c) The lost ticket or lost portion thereof has not previously been honored for transportation or refunded to any person.
- d) The person to whom refund is made agrees, to indemnify United for any loss or damage, which United may sustain by reason of such refund.

82.

QUESTION: What was the cost to the carrier during each of the past three years for the establishment, maintenance, and personnel for any club or VIP lounges?

RESPONSE:	<u>Year</u>	<u>Red Carpet Club/Room Expenses</u>
	1971	\$1,584,374
	1972	\$1,840,863
	1973	\$1,936,655

The above figures include United's administrative and operating costs at headquarters and field locations.

83.

QUESTION: How many passengers were denied boarding on flights for which they had confirmed reservations or valid tickets (include no-recs) 1972-October 1, 1974?

RESPONSE: We incurred 44,821 denied boardings in the period January 1, 1972-September 30, 1974.

84.

QUESTION: How many of these passengers were eligible for DBC?  
1972-October 1, 1974?

RESPONSE: 23,735 passengers were eligible for denied boarding compensation  
in this period.

85.

QUESTION: How many of these passengers were not eligible for DBC because  
of equipment substitutions? 1972-October 1, 1974?

RESPONSE: A total of 7,217 passengers were not eligible for denied boarding  
compensation due to equipment substitution.

86.

QUESTION: Government requisition of space? 1972-October 1, 1974?

RESPONSE: No denied boardings were encountered due to government  
requisition of space.



87.

QUESTION: Failure to meet check-in or ticketing requirements? 1972-October 1, 1974?

RESPONSE: Not applicable to United.

88.

QUESTION: Carrier was able to rebook them on a flight scheduled to arrive within two hours of original flight? 1972-October 1, 1974?

RESPONSE: 13,869 passengers were rebooked on flights scheduled to arrive within two hours of the original flight.

89.

QUESTION: What was the total amount spent to pay DBC to passengers? 1972-October 1, 1974?

RESPONSE: A total of \$1,344,978 was paid in the form of denied boarding compensation during this period.

90.

QUESTION: What percentage of passengers with conditional reservations were upgraded to first class on the original flight? 1972-October 1, 1974?

RESPONSE: Not applicable to United.

91.

QUESTION: What percentage of passengers with conditional reservations were unable to board their original flight? 1972-October 1, 1974?

RESPONSE: Not applicable to United.

92.

QUESTION: Does the carrier offer conditional reservations, such as "leisure class"?

RESPONSE: United does not offer conditional reservations such as "leisure class."

93.

QUESTION: If a passenger holds a ticket with an "OK" status and the carrier has no record of the reservation, what procedure is followed in an oversale situation? How is such a passenger's boarding priority affected? Is denied boarding compensation offered?

RESPONSE: If a passenger holds a ticket with an "OK" status and we have no record of the reservation, we accept the ticket as valid reservation. This does not affect the passenger's boarding priority in any way, and if we are unable to accommodate such passenger on the scheduled flight and cannot find an alternate means to get him to his destination within two hours of the originally scheduled arrival time, he will be paid denied boarding compensation.

94.

QUESTION: Describe the procedures followed for dealing with bumping. Enclose copies of any manuals or the sets of instructions directed to employees dealing with (a) bumping procedures; (b) procedures for dealing with bumping complaints; and, (c) priorities set in determining whom to bump.

RESPONSE: Our procedures concerning accommodation of passengers, as well as our internal regulations regarding same, are on file with the Civil Aeronautics Board.

95.

QUESTION: How many complaints were received regarding schedule irregularities?  
1972 - October 1, 1974?

RESPONSE: 9,678

96.

QUESTION: What was the cost of providing amenities to delayed passengers  
(food, hotels, etc.)? 1972 - October 1, 1974?

RESPONSE: \$4,544,644

97.

QUESTION: What is the procedure for getting flight status information from aircraft, to operations, to computer, to reservations and other personnel responsible for giving flight information to the public?

RESPONSE: Flight status information is immediately entered into the operational computer system (Unimatic) by System Operations Control, Dispatch Centers, stations and by a central group receiving messages from aircraft. If the information concerns an irregularity, messages are instantly and automatically sent to the affected stations. Public information screens/boards are updated upon receipt of these messages. Flight status messages are also sent to the reservations computer system (Apollo). Routine advisories automatically update information in the Apollo system. A central reservations group manually enters non-routine information (e.g., diversions). Apollo information is visible upon request to any reservations agent.

98.

QUESTION: What is the procedure for notifying delayed passengers of the availability of amenities?

RESPONSE: The procedures for advising passengers of the availability of amenities during the delayed or flight cancel situation is to make general terminal and specific announcements in the appropriate gate areas. We have also used our own flight publication, which is on board all our airplanes, to advise passengers of the amenities available to them in these instances.

99.

QUESTION: List the steps taken by your airline in the past two years to simplify tariff construction and to protect the consumer against overcharges. (Note that Consumer Union reported in a recent survey that because of tariff complexities, consumers are often overcharged. What steps has your airline taken, since the publication of that survey, to prevent overcharges?)

RESPONSE: Over the past two years, United Airlines has had a program of identifying actual passenger itineraries for which the fare constructions are complex and prone to errors. Once identified, we have specifically published the correct fares in the tariff, so that they are readily available to our ticket agents. Many, many thousands of these fares have been identified and published in this manner.

In addition, United has done extensive development in computerized fare quotation and ticket issuance. Today the vast majority of passenger itineraries can be priced, and a ticket correctly issued without any manual calculation by the ticket agent.

Although not directly related to complex fare construction, United is supporting proposed legislation which would require all air carrier tariff filings to be made on 45 days' notice, and any Civil Aeronautics Board action with respect to such filings to be made at least 15 days prior to the intended effective date. If Congress manages to pass this legislation, it will provide the traveling public and the travel industry with substantially improved lead time on tariff changes, thus eliminating or, at least, minimizing one cause of incorrect fares.

***United***  
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## United

### LOST AND FOUND FUNCTION

#### 1. THE LOST AND FOUND FUNCTION

- A. Traces, recovers, and reports mishandled baggage and lost articles.
- B. Returns found articles to owners, or ships them to EXOPW.
- C. Handles damaged baggage claims, repairs, or replacements.

	Claims	Tracing
A/D (312)	952 6243	952 5725
E/A	4505	4770
K/O	4701	6169
P/S & W	5296	4799
TUV - XYZ	5129	4139

LOST & FOUND (unchecked articles)  
(312) 952 6499

DAMAGED BAGGAGE/AIR FREIGHT  
(312) 952 6394

SUPERVISOR

(312) 952 6421

The mailing address is:  
United Air Lines  
Consumer Relations, Baggage & Cargo  
P. O. Box 66100  
Chicago, Illinois 60666

#### Station Tracing Responsibilities

2. DESTINATION STATION uses the Mishandled Baggage Report (UPS 1304) to take the necessary information from the passenger and as a check list to determine the possible cause of the mishandling. The agent assigned to Lost and Found is responsible for beginning the step by step procedures described later in this chapter. Agents on later shifts are responsible for continuing the steps until the baggage is located or the file is turned over to EXOPW.

3. TRANSFER STATIONS are responsible for checking interline transfer records when the initial tracing message indicates the baggage was checked for transfer; and, if no transfer is shown, for initiating tracing with the other airline.

4. REQUEST FOR TRACING BY OTHER AIRLINE The airline that carried the passenger to his destination is responsible for tracing and handling to conclusion all baggage losses. If UA participated in the transportation of baggage traveling over the routes of two or more carriers, UA participates in the search.

NOTE: UA also participates in any claim settlement unless it can be shown that the baggage was transferred to another airlines, or was never received by UA.

#### Files and Records

5. KEEP LOCAL FILES AND RECORDS for at least 60 days.

- 6. KEEP INTERLINE TRANSFER RECORDS for 15 days. Segregate them on a midnight-to-midnight basis. Take steps to assure that other airlines' transfer records are available locally for 15 days.

7-8 (Unassigned)

#### Central Lost and Found Office - EXOPW

- 9. EXOPW is the teletype address of the Central Baggage/Lost and Found Office in Consumer Relations. This office operates five days a week (Monday through Friday) from 0830 to 1700 Central Time.

EXOPW phone numbers are:  
CLAIMS AND TRACING - BAGGAGE.  
(first letter of claimant's name determines phone number)

#### Fraudulent Claims

10. OCCASIONALLY, UA receives fraudulent claims. If any report of mishandled baggage is questionable, bring it to the attention of the Manager of Customer Services immediately. He or his representative may discuss the claim with EXOPW. If a request for a formal investigation is decided upon, it will be handled in accordance with Regulations 5-4.

NOTE: It is important that any discussion with the passenger be completely normal. Under no circumstances will the questions asked the passenger be anything other than the routine questions.

#### Employee Claims

11. GIVE THE EMPLOYEE a Statement in Proof of Loss (UPS 1747) with accompanying Baggage Description and Contents Listing (UPS 2539). Tell him to complete forms and submit them with his claim check and passenger coupon directly to EXOPW - Baggage. The claim will be processed by EXOPW, but no payment will be made to the employee until the employee's manager has been notified in writing of the claim by EXOPW, and has the opportunity to make his comments, if any.

12. CLAIMS-TIME LIMITATION All claims for loss, damage, or delay in delivery of baggage for personal property must be filed in writing with a UA office within 45 days of the occurrence.

EXCEPTION: This time limit does not apply to claims involving personal injury or death.



**United****MISHANDLED BAGGAGE**

1. MISHANDLED BAGGAGE is baggage that fails to accompany the passenger on his flight or is not available for claiming at his destination.

2. THE PASSENGER in this case is a Passenger Arriving Without Baggage (PAWOB).

NOTE: If the passenger's claim check bears the notation "V/S," this indicates he changed his itinerary through no fault of UA and without sufficient notice to have his baggage rechecked. Complete a Mishandled Baggage Report (UPS 1304) and use the normal tracing procedures described later in this section. Help the passenger arrange for delivery of the baggage at the passenger's expense. (See Mishandled Baggage Control section for distribution of copies of UPS 1304.)

**When Baggage is Discovered Unboarded**

3. NOTIFICATION: Ramp Service is responsible for notifying immediately the ticket counter, the Lost and Found Office or the baggage expeditor, when any baggage is not boarded on the proper UA flight. The responsible agent:

A. Advise the baggage handler on what flight the baggage should now go, so he can enter the new flight number on the expedite tag. (UT-38XL).

8. Immediately sends teletype message to "LL" office at passenger's destination station. Advises new arrival flight number, and cause of irregularity if known. If Ramp Service sends message, also address local "LL" office. (Use Baggage Disposition Message, UPS 1876.)

EXAMPLES: LAXLL  
FWDG LAX FLT 101/ 25 1 BG JOHNSON  
ORIG TG LAX 26-09-69 NOW XPDT TG  
83-32-54 MSHNDL CAUSE NTBD  
ORDLL 25 1030

SBNLL CPY ORDLL  
FWDG SBN FLT 726/09 3 BGS SCHMITT  
CO 27-60-83/82/81 XPDT TG 29-06-97/98/99  
ORIG CKD 746/09 MSHNDL CAUSE INCO  
ORDCG 09 1030

4. FORWARD THE BAGGAGE PROMPTLY to the proper UA destination or transfer point. DO NOT WAIT for a request message.

A. Prepare an Expedite Tag with Log Copy (UT 38 XL) for any bag not boarded on the flight for which it is tagged. Staple over face of original tag. Show the following information:

- 1) Destination Station Code
- 2) Flight on which bag is being sent
- 3) Complete reverse side.

B. Keep the Log Copy of UT 38 XL.

C. Route bag on flight or flights that will provide earliest arrival. Do not route via FREIGHTER.

UT 38XL REV. 5-70	PRINTED IN U.S.A.
<b>UNITED AIR LINES</b> <b>EXPEDITE BAGGAGE</b>	
<b>RUSH</b>	
TO <b>B01</b>	
AIRLINE/FLIGHT <b>UA 247</b>	
<b>UA 33-30-33</b>	

## United

### When a Passenger Arrives Without His Baggage

5. KEEP THE PASSENGER'S VIEWPOINT IN MIND when discussing his mishandled baggage. While our procedures call for waiting periods before action is taken in certain tracing steps, we cannot expect the passenger to understand any delay in tracing efforts regardless of the quicker results it produces. Usually there is no need to discuss UA's procedures for locating baggage; however,

A. If the passenger insists on knowing the steps that will be taken, explain that:

- 1) We use a computer tracing system as well as a private communications network.
- 2) Our stations are continually up-dating information about on-hand, unclaimed baggage.
- 3) The large majority of mishandlings are resolved in a short period of time.

B. If the passenger demands immediate action requiring other than normal tracing procedures, use UNITEL or commercial long distance telephone.

6. WHILE THE TRACING EFFORT IS BEING MADE, contact the passenger at least once a day to keep him informed. Note each contact (or contact effort which is not completed because of busy line or no answer) on the UPS 1304 so that agents working subsequent shifts will be aware of file status. Once the bag is located, notify the passenger immediately (unless it is after 10:00 PM) and advise him of bag(s) planned arrival. Also work out details of delivery.

7 - 9. (Unassigned)

### Searching Before Preparing a Mishandled Baggage Report

10. FOLLOW THESE PROCEDURES:

- A. Verify with the passenger the destination on the claim checks.
- B. Inspect advisory messages received to determine if baggage is being forwarded.
- C. If no messages have been received advise ramp service, giving them the claim check numbers and baggage description, so the airplane can be thoroughly checked, if possible. In the case of packages, boxes, etc., check Air Freight as these items might be mistaken for freight shipments. If the baggage is not found, and has not in the meantime arrived at the claiming area, prepare the Mishandled Baggage Report (UPS 1304). WITHOUT EXCEPTION, THE MISHANDLED BAGGAGE REPORT MUST BE PREPARED BEFORE THE PASSENGER LEAVES THE AIRPORT.

### Preparation of the Mishandled Baggage Report (UPS 1304)

11. USE THE UPS 1304 to get necessary information from the passenger for tracing missing baggage. Most of the captions explain themselves. All areas numbered on facsimile on the next page must be filled in as completely as possible. Additional instructions by area are noted below.

- ① Enter social security number only if passenger is military. Also attach a copy of military orders to the UPS 1304 and record permanent home address.
- ② Enter the serial number of the passenger's flight ticket. Also, retain the passenger's claim check and attach to Copy 1 of the UPS 1304. Give the passenger a Receipt for Baggage Claim Check (UPS 2371). If the passenger refuses to surrender his claim check, check the box marked "No."
- ③ ④ The most important functional information areas for baggage tracing. These areas should tell exactly what is missing and where to start looking. Use the bag type numbers and color codes shown on the Baggage Identification Chart (UPS 2539).  
A list of 2 or 3 distinctive contents will facilitate the search if, for example, the passenger has a common bag type or his baggage is possibly TGOF at a downline station.
- ⑥ Area pertinent to baggage transfer record information and close-out of PAWOB. Necessary when closing out PAWOB to make appropriate mishandling charge to station (and carrier, if offline) involved. Mark "Yes" or "No" box for record of transfer (if applicable) ON ALL occasions, mark box for "yes" or "no" regarding suspicious circumstances involving report. If "yes", be sure to note reasons on back of white copy of UPS-1304.



UNITED AIRLINES

UPS 1304

UNITED AIRLINES

### MISHANDLED BAGGAGE REPORT

SEE REGULATIONS 40-15

WHEN BAG IS LOCATED, ONE COPY TO BE SUBMITTED TO:

1 (WHITE) - EASA  
2 (GREEN) - LOCAL FILE  
3 (PINK) - LOCAL FILE

IF BAG NOT LOCATED, AND ONE IS RETURNED TO EASA, COMPLETE THIS SECTION. (OPTIONAL COPY TO BE SUBMITTED TO: 1 (WHITE) - EASA, 2 (GREEN) - LOCAL FILE, 3 (PINK) - LOCAL FILE)

REPORTED BY (OF OTHER THAN PASSENGER): B. D. AYES SOCIAL SECURITY NO: 129-26-2932

REPORTED AT: DCA DATE: 9/1/74 TIME: 2100 AGENT'S NAME: HARTSWICK

PREVIOUS LOCATIONS (IF YES, YES AND WRITE COPY): AT DATE: 1/1

INFLUENCE: ☒ IN FLIGHT ☐ ON GROUND

LOCAL POINT OF CONTACT: PHONE AND STREET: OLBE COLONY CITY, STATE, ZIP CODE: ALEXANDRIA VA 703 231-4494

PERMANENT ADDRESS: NUMBER AND STREET (INCLUDE APT OR FPO): APT 231, 1404 S BUZZE R CITY, STATE, ZIP CODE: MT PLEASANT MO 632 437 6184

PERMANENT OR OCCUPATIONAL PHONE: DLVA TICKET NUMBER: 732 PRICE OF CLAIM CHECK: 4 YES ☐ NO ☒

BAGGAGE TAGGED		EXACT LOCATION LAST SEEN (PHONE, CAR, LIMO, CITY, TERMINAL, AIRPORT, COUNTER, ETC.)		PASSENGER USED		ORIGINALLY HELD (IF APPLICABLE)	
				FROM	TO	FLIGHT DATE	FLIGHT DATE
<input checked="" type="checkbox"/> AT AIRPORT				ORD	DCA	UA 788/1	ORD
<input type="checkbox"/> AT CITY TERMINAL							
<input type="checkbox"/> AS ONLINE DEST							
<input type="checkbox"/> AS ONLINE TRANSFER							
<input type="checkbox"/> AS CUSTOMER POINT							
<input type="checkbox"/> AS INTERLINE							
<input type="checkbox"/> AS STATION							
<input type="checkbox"/> BY STATION							

BAG TYPE	COLOR	CLAIM CHECK NUMBER	MP# OR BRAND	INITIALS, BRAND, TAGS, LABELS, & OTHER TAMP PASSENGER	STATION	DATE	REMARKS
DL	DL	814450	SKW	NA TAG	BAL	9/1	DOH, W/L RWD

LIST CONTENTS OF BAGS (Identify by tag number as listed above, tag 1, tag 2, etc.)

BAG NO.	ITEM	COLOR	LABEL NUMBER	DATE	REMARKS	NOT
	GLASS EYE	Hazel	Brown Long	8/11	BL CDP, W/L DLVA OVA ACT	447
	Box		THANKS			
	CROWN	BLK	CROWN			

IF STABLE CLAIM CHECK ON BACK OF WHITE COPY IF BAG IS NOT LOCATED AND LOSS IS REFERRED TO EASA.

IF THERE IS RECEIPT OF TRANSFER: ☐ YES ☒ NO

TRANSFER STUB RETURNED BY CARRIER: ☐ YES ☒ NO

EXPENSES AUTHORIZED: ☐ YES ☒ NO

REIMBURSED: ☐ YES ☒ NO

BAGGAGE LOCATED AT: BAL WELL ADVISED (Y/N): 137/2 ARRIVED ON (Y/N): 137/2 WHEN DELIVERED TO PASSENGER: 0200/2 HOW DELIVERED: AT

COMPLETE EACH ENTRY ON MISHANDLED BAGGAGE SUMMARY LINE

RECEIVED BY	DATE	MONTH	DAY	NO. BAGS	REPORTING STN CODE	CHARGED STATION CODE	PASSENGER CATEGORY CHARGE	USE APPROVED CATEGORY ONLY	AGENT MARKS CATEGORY CHARGE (Agent's No.)
<u>448</u>	<u>09</u>	<u>01</u>	<u>1</u>	<u>0</u>	<u>CIA</u>	<u>O:R:10</u>	<u>CIA:117</u>		<u>447</u>

Are there any unusual or suspicious circumstances concerning this report? ☐ YES ☒ NO

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MISHANDLED BAGGAGE REPORT

☐ SET OTHER SIDE FOR ADDITIONAL COMMENTS

UPS 2371

UNITED AIRLINES

### RECEIPT FOR BAGGAGE CLAIM CHECK

RECEIVED FROM: G. C. SCOTT

PASSENGER'S NAME, INITIALS (AND SUFFIX): G. C. SCOTT

CLAIM CHECK RECEIVED: UA 30-22-97

AIRLINE: UA AIRLINE NUMBER: 30-22-97

RECEIVED BY: 41

DATE: 7/18/74 STATION: YAL AGENT: 41

UPS 2371 PRINTED IN U.S.A.

P. EPARE TWO COPIES  
SEND ONE TO:  
UNITED AIR LINES  
BAGGAGE TRACING CENTER  
P O BOX 66100  
CHICAGO, ILLINOIS 60666  
COPY TWO IS FOR YOUR RECORD

THIS CLAIM TO BE VALID ACCORDING TO APPLICABLE TARIFF PROVISIONS, MUST BE FILED WITH UNITED AIR LINES, INC. WITHIN 45 DAYS OF THE DATE OF LOSS.

Please type or print and mail as soon as you can. Successful tracing frequently depends upon prompt receipt of this information.

NAME MR MRS MISS				HOME PHONE AREA CODE 1 -		BUSINESS PHONE AREA CODE 1 -	
HOME ADDRESS				OCCUPATION			
CITY				EMPLOYED BY (IF MILITARY, INCLUDE SOCIAL SECURITY NUMBER)			
STATE			ZIP CODE	BUSINESS ADDRESS (CITY STATE ZIP)			
COMPLETE PASSENGER TICKET NUMBER	AIRLINE	FORM	SERIAL	NUMBER	BAGGAGE CLAIM CHECK NO:		
WERE YOU CHARGED FOR EXCESS BAGGAGE?		<input type="checkbox"/> YES <input type="checkbox"/> NO	DID YOU DECLARE AND PAY FOR EXCESS VALUE?		<input type="checkbox"/> YES <input type="checkbox"/> NO	VALUE DECLARED	ATTACH RECEIPT
DO YOU HAVE A PERSONAL PROPERTY FLOATER POLICY OR OTHER INSURANCE THAT COVERS YOUR LOSS?					EXAMPLES: BROAD FORM COVERAGE OR HOME AND HOUSEHOLD CONTENTS INSURANCE WHICH INCLUDES PROTECTION AGAINST LOSS OF PERSONAL PROPERTY WHILE YOU ARE AWAY FROM HOME.		
HOW					ADDRESS		

COMPLETE ITINERARY					FOR OFFICE USE ONLY
FROM	TO	AIRLINE	FLIGHT	DATE	

WHERE DID YOU CHECK YOUR BAGGAGE?		NO. OF BAGS CHECKED		ESTIMATE WEIGHT OF MISSING BAG	
<input type="checkbox"/> AIRPORT <input type="checkbox"/> DOWNTOWN <input type="checkbox"/> OTHER					
WAS YOUR BAGGAGE REROUTED OR RECHECKED EN ROUTE?		IF YES, WERE YOU GIVEN A DIFFERENT BAGGAGE CLAIM CHECK?		CITY AND AIRLINE WHO HANDLED REROUTING	
<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> YES <input type="checkbox"/> NO			
WHEN AND WHERE WAS THE LAST TIME YOU SAW YOUR BAGGAGE?		AT WHAT UNITED AIR LINES OFFICES HAVE YOU REPORTED YOUR LOSS?			
HAD LOSS BEEN REPORTED TO ANOTHER AIRLINE?		IF YES, PLEASE GIVE AIRLINE AND CITY WHERE REPORTED			
<input type="checkbox"/> YES <input type="checkbox"/> NO					

**ADDITIONAL COMMENTS**

PLEASE ATTACH YOUR BAGGAGE CLAIM CHECK(S) AND PASSENGER COUPON PORTION OF YOUR TICKET(S).

I do hereby warrant the foregoing statement and those on the accompanying form(s) to be accurate, complete, true and I hereby make a claim against United Air Lines, Inc. in the amount of \$\_\_\_\_\_ for a loss occurring on \_\_\_\_\_ 19\_\_\_\_\_.

The United States Post Office has investigative jurisdiction under Federal laws relating to sending false or fraudulent claims through the United States mails. Any such claims received by United Air Lines are reported to the United States Postal authorities.

Losses of Baggage in interstate shipment of or articles from such baggage due to theft come within the purview of federal statutes and, therefore, are subject to investigation by the Federal Bureau of Investigation.

PASSENGER'S SIGNATURE	DATE
	/ /

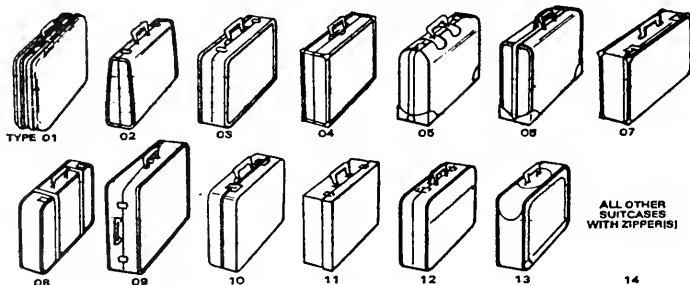


# United

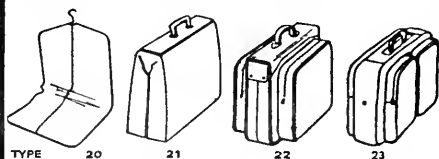
## BAGGAGE DESCRIPTION AND CONTENTS LISTING (UPS 2539) (Back side)

### BAGGAGE IDENTIFICATION CHART

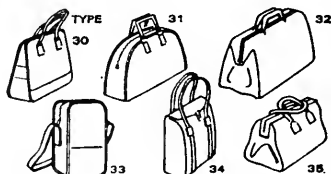
#### GROUP A - SUITCASES



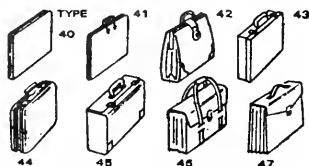
#### GROUP B - GARMENT BAG/VAL-PAK/B-4 BAG/UNDERSEAT BAG



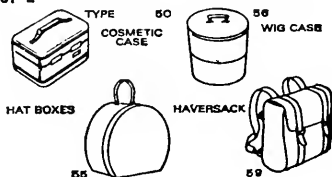
#### GROUP C - SATCHELS



#### GROUP D - BRIEFCASES



#### GROUP E



#### GROUP X - MISCELLANEOUS BAGGAGE - ARTICLES

Type	Type	Type
68 TUBES (Other than fishing equipment)	80 CAMERA IN OWN CASE OR BAG	90 STRING INSTRUMENT IN OWN CASE
69 SURFBOARDS	81 CARDBOARD CARTON OR BOX	91 OTHER MUSICAL INSTRUMENT IN OWN CASE
70 ART OR DISPLAY PORTFOLIO	82 BOX, OTHER THAN CARDBOARD (Wooden, Metal, Plastic, etc.)	92 SELF-CONTAINED SLEEPING BAG/ BED ROLL
71 SAMPLE CASE (Custom made)	83 TOOL/TACKLE BOX	93 SKIS (Brand)
72 AMPLIFIERS/SPEAKERS	84 LAUNDRY BAG	94 SKI POLES (Brand)
73 PROJECTORS/MOVIE OR SLIDE	85 PAPER BAG/SHOPPING BAG (PAPER-STRAP) OR PARCEL	95 SKI BOOTS
74 SEA BAG/DUFFLE BAG	86 HAIR DRYER IN OWN CASE	96 FIREARMS
75 PARACHUTE BAG	87 TYPEWRITER IN OWN CASE	97 FISHING ROD(S) IN OWN CASE
76 PORTABLE BAR	88 TAPERECORDER IN OWN CASE	98 GOLF BAG AND CLUBS
77 MEN'S SHAVING KIT	89 RECORD PLAYER IN OWN CASE	99 ARTICLE OTHER THAN BAG, NOT APPEARING ON THIS LIST (DESCRIBE)
78 TRUNK / FOOT LOCKER		
79 TENNIS RACKET (Brand)		

#### OTHER BAGGAGE TYPES:

- 65 Television/Radio
- 66 Kennel, Pet Container
- 67 Bowling Ball

## United

Baggage Color Codes

ALU	Aluminum/Silver
BLU	Blue
BLK	Black
BRN	Brown/Tan/Fawn/Bronze/Copper/Rust/Oxblood
CLR	Clear/Translucent/Opaque/Plastic
CRM	Beige/Cream/Ivory/Buff
GRN	Green/Olive
GRY	Grey
PLD	Plaid/Checked/Tweed
PUR	Purple/Violet/Lilac
RED	Red/Maroon/Pink
STR	Striped
TPY	Tapestry/Floral/Spotted
WHT	White
YLW	Yellow/Orange

Passenger Purchases

12. AUTHORIZATION A passenger whose baggage has been mishandled, and who is away from his home city, may need to buy some items for personal care before his baggage is received. (Items most often needed are toilet articles, cosmetics, underclothing, hose, a shirt, etc.). If a passenger asks permission to make certain purchases and his request seems justified, the supervisor may authorize limited expenditures. State dollar limit at time of authorization. However, do not voluntarily suggest such purchases to passengers unless bag is still missing at end of 24 hours and passenger is away from home.

NOTE: Offer overnight kit when appropriate.

## 13. REIMBURSEMENT

- A. UA will pay only reasonable interim expenses. Ask the passenger to obtain receipts for all purchases and mail or bring them to the local office. (He may be given a return-addressed envelope for this purpose.) Make no commitment to the passenger as to what expenses, if any, UA will pay. Advise the passenger that the expenses will be submitted for consideration.

When paid locally, note payment in appropriate box on UPS 1304.

1) Up to \$100 Expenditures up to \$100 must be authorized by the Manager of Customer Services or Sales. Mark passenger's name on the purchase receipts and forward them with next disbursement report to EXOAP.

2) Up to \$500 Expenditures in excess of \$100 per passenger must be authorized by the Regional Vice President - Marketing or the Area Manager - Marketing. Again, make no commitment to the passenger as to what part of such expenses UA will pay. Individual circumstances in each case will govern the amount of any settlement.

3) Over \$500.00: Under certain conditions, expenditures in excess of \$500.00 may be authorized. Submit these to the Divisional Vice President Marketing for authorization.

B. When interline baggage is mishandled and United is the terminating carrier, the appropriate office will handle interim expenses as described above. If the interim purchases are over \$25 and investigation reveals that another carrier was responsible for the mishandling, send all details including evidence of the other airline's responsibility to EXOPW.

14. START TRACING only after all local checks have been made, the Mishandled Baggage Report has been completed and the passenger has left the station without his baggage. Only the specific tracing messages outlined in the following regulations are permitted. Under no circumstances should any tracing message be addressed AAALL.

## 15. ONLINE COMPUTER BAGGAGE TRACING SYSTEM

- A. The UA communications system has been joined to the EA computer in CLT to provide a computer system to assist in locating missing baggage.
- B. The report of missing or on-hand baggage is in the form of a message to the computer. The computer matches these messages with records stored and answers the station originating the trace with a match or no-match message indicating whether or not the computer has located the missing baggage.
- C. There are 3 basic messages to the computer which permit cross-analysis of on-hand records and baggage being traced, and a means of closing out a file. These are:
- 1) "Need" Message (AHL) - A message to provide the computer with information to trace a missing bag.
  - 2) "On-Hand" Message (OHD) - A message to provide the computer with information on unclaimed bags.
  - 3) "Close File" Message (CLO) - A message to remove OHD and AHL records from the computer when a missing bag has been located.

# United

D. The messages to the computer are fixed format. Therefore, use the On-Line Baggage Tracing Message form (UPS 2629) to assure that all required information is correctly formatted. The fixed input items required for the message are pre-imprinted on the blank. The variable information is entered on the form by the sending station.

E. The message blank is formatted to permit all 3 types of messages to be written on one message blank. The AHL and OHD messages are written in the upper portion of the blank, the CLO message in the lower portion.

F. Cross out lines in AHL and OHD messages which contain no information.

NOTE: These messages are transmitted via the locally established message sending system.

G. Incorrectly formatted messages cause an error response from the computer. On receipt of an error response, the sending station must originate a corrected message.

16. COMPUTER MATCHING PROCESS - Properly formatted and transmitted AHL and OHD messages accepted by the computer generate the results of the matching process to the sending stations. These results are contained in message responses to these conditions:

MATCH  
NEAR MATCH  
NO MATCH

A. Match When at least the passenger's last name, the bag tag numbers, and bag group "match", a Match message is sent to both the station that originated the AHL message and the station that originated the OHD message. When a "positive" match is made, the program continues tracing beyond this file and trace all remaining valid files in the system. The word "match" will appear on the line of the file it has found a match on.

EXAMPLE: PHLLUA ORDLLUA  
CLTXTEA FL 108

OHD PHLO233 01A BRN PATTERSON JDP UA7431 MATCH  
AHL ORD0001 02A BRN PATTERSON JP UA7431

B. A Near Match message is generated to the station originating the AHL message and to all stations who have entered OHD messages that provide a near match based on the following general conditions:

- 1) A match of the name only.
- 2) A match of the bag tag number.

3) A partial match of the name and/or initials plus a match of the bag group or color or bag tag number. The matching of a pre-determined number or percentage of letters in a name constitutes a partial name match.

EXAMPLE: BOSLUUA CLELLUA ORDLLUA  
CLTXTEA IJ 222

AHL BOS0233 74X GRN JOHNSON JIJ UA 1431  
OHD CLE0011 61X GRN JOHN  
OHD ORD0312 74X GRN JJ

In this example, a Near Match has been made on on-hand reports submitted by CLELL and ORDLL.

NOTE: It is the responsibility of the stations initiating the AHL message to contact the OHD station(s) when Match or Near Match messages are received.

C. A No Match message is generated to an originating station when:

Information input on an OHD message does not match any AHL message in the computer records.

Data received in an AHL message does not match any OHD records in the computer.

EXAMPLE: BOSLUUA  
CLTXTEA 031420  
NO MATCH AHL BOS0421 01A BLU BOND  
DB UA7060

NOTE: All inputs to the computer resulting in a "No Match" message whether AHL or OHD, are retained in the computer for further matching on receipt of additional AHL or OHD messages.



## United

## 17. NEED MESSAGE (AHL)

A. Before generation of this message to the computer, allow time for missing baggage to be located using conventional tracing techniques, e. g., checking the baggage of the next inbound flight from the passenger's point of origin, telephone queries to originating stations. When these methods fail to locate missing baggage, a Need Message (AHL) is sent to the computer. The input of this message should be 4 or more hours after preparation of the UPS 1304.

## EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (OHD)		UNITED AIR LINES ON-LINE BAGGAGE TRACING MESSAGE SEC REGULATIONS 83-19				
MSG. TYPE: AHL OR OHD		STATION	FILE NO. 1	FILE NO. 2	FILE NO. 3	FILE NO. 4
1. <u>AHL</u>		<u>ORD</u>	<u>01123</u>	<u>01124</u>	<u>01125</u>	<u>01126</u>
PASSENGER'S LAST NAME						
2. <u>WATKINS</u>						
INITIALS ON BAG OR PASS. INITIALS						
3. <u>R.F.W.</u>						
AIRLINE AND BAG CHG. NO. 1		BAG CHG. NO. 2	BAG CHG. NO. 3	BAG CHG. NO. 4		
4. <u>UA 777</u>		<u>777</u>	<u>777</u>	<u>777</u>	<u>777</u>	<u>777</u>
TYPE GROUP		COLOR	COLOR	COLOR	COLOR	COLOR
5. <u>01A</u>		<u>B</u>	<u>R</u>	<u>N</u>		
TYPE GROUP		COLOR	COLOR	COLOR	COLOR	COLOR
5. <u>02A</u>		<u>G</u>	<u>R</u>	<u>N</u>		
TYPE GROUP		COLOR	COLOR	COLOR	COLOR	COLOR
5. <u>20B</u>		<u>R</u>	<u>E</u>	<u>D</u>		
TYPE GROUP		COLOR	COLOR	COLOR	COLOR	COLOR
5. <u>43D</u>		<u>B</u>	<u>L</u>	<u>U</u>		
1. <u>X</u>						
CLOSE FILE (CLO)						
MSG. TYPE		FILE TYPE	STATION	FILE NO.		
1. <u>CLO</u>			<u>U</u>	<u>A</u>		
1. <u>X</u>						
DATE		TIME	AGENT			
<u>9/4/72</u>		<u>1525</u>	<u>L. WEIR</u>			

DOUBLE VERTICAL LINES (||) DENOTE A SPACE.

NOTE: Cross out lines in AHL and OHD messages which contain no information. Lines crossed out should not be transmitted.

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8. The variable fields (the blank spaces) of the message blank to be filled in by the sending stations are:

## 1) Line 1

Message Type - "AHL" is entered to denote to the computer that this is a Need Message.

Station - The second entry is the 3 letter code of the station originating the message.

File Number - Each bag being traced in the computer system is assigned a file number, to prevent erroneous removal of information when Close Out Messages (CLO) are sent. Each message blank provides for a maximum of 4 file numbers.

## EXAMPLE:

- 0123 - First or only bag being traced in this transaction.
- 0124 - Second bag being traced in this transaction.
- 0125 - Third bag.
- 0126 - Fourth bag.

**United**

NOTE: If more than 4 bags are being traced in any one transaction, initiate a 2nd AHL message.

Each station must maintain a 4 digit AHL file number log. Assign file numbers in numerical sequence for and within transactions.

Example of one method of creating an AHL file number log:

AHL File Number Log

01	00	01	02	03	04	05	06	07	08	09	10
11	12	13	14	15	16	17	18	19	20	21	
22	23	24	25	26	27	28	29	30	31	32	
33	34	35	36	37	38	39	40	41	42	43	
44	45	46	47	48	49	50	51	52	53	54	
55	56	57	58	59	60	61	62	63	64	65	
66	67	68	69	70	71	72	73	74	75	76	
77	78	79	80	81	82	83	84	85	86	87	
88	89	90	91	92	93	94	95	96	97	98	
99											

5) Lines 5, 6, 7, 8 Bag Type - Enter bag type and group as determined from the Baggage Identification Chart.

NOTE: The matching process conducted by the computer is based on the group designator. An AHL might indicate a need for an OIA BLU.

A valid file number may be in a range from 0000 to 9999.

2) Line 2 Passenger's Name - Enter the passenger's last name. If the name exceeds 12 characters, use the first 12. This is a required entry for the AHL message.

3) Line 3 Bag/Passenger Initials - Enter the appropriate initials using the following priority:

- Initials on bag.
- Passenger's full initials.

This entry must have no less than 1 and no more than 4 characters.

4) Line 4 Airline ID and Tag Number - The first entry on this line is the 2 letter airline code and the last 4 digits of the claim check number. Additional check numbers (last four digits) are entered without airline code. A maximum of 4 claim check numbers may be entered on each message blank.

NOTE: The number of file numbers must correspond with the number of claim check numbers when claim check numbers are a part of the message text. If for some reason all or part of the claim check numbers are not known, exclude this line from the message. This includes both the fixed and variable portions of the line. This is the only line of a Need Message which may be omitted. All other lines are mandatory. (See the example which follows the line explanations.)

United

EXAMPLE: Need Message when the claim check is missing:

NEED BAG (AHL)/BAG ON HAND (OHD)		ON-LINE BAGGAGE TRACING MESSAGE REG. REGULATIONS 88-18			
MSG. TYPE	FILE NO. 1	FILE NO. 2	FILE NO. 3	FILE NO. 4	FILE NO. 5
A	1	0	P	C	L
1 AHL P I T U A I 0 1 2 9 0 1 3 0					
2 HERRYNEATHER					
3 F H					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
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DOUBLE VERTICAL LINES (||) DENOTE A SPACE.

NOTE: Cross out lines in AHL and OHD messages which contain no information. Lines crossed out should not be transmitted.

CLOSE FILE (ICLO)

1 X

DATE 9/13/72 TIME 1335 AGENT Powers

C. Tag Off Bags When a regular search fails to find a bag, the station looking for the lost bag may ask the computer for any Tag-Off bags without name or initials.

Originate an AHL in the prescribed manner, however, Line 2 will be TAG OFF. Line 3 - TG, Line 4 the fictitious number UA0000 and, of course, Line 5 the group, type and color.

The computer gives you a list of all tag off bags stored at that time. By examining the location of the bag and the group, type and color, you may find a clue to the bag you are seeking. The next step is to ask the station holding the bag for a verification of contents. The tracing action can proceed from there.

EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (OHD)		ON-LINE BAGGAGE TRACING MESSAGE REG. REGULATIONS 88-18			
MSG. TYPE	FILE NO. 1	FILE NO. 2	FILE NO. 3	FILE NO. 4	FILE NO. 5
A	1	0	P	C	L
1 AHL ENRUA 29 3 1					
2 TAG OFF					
3 T A					
4 UA 0000					
5 02A BLU					
6					
7					
8					
9					
10					
11					
12					
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DOUBLE VERTICAL LINES (||) DENOTE A SPACE.

NOTE: Cross out lines in AHL and OHD messages which contain no information. Lines crossed out should not be transmitted.

CLOSE FILE (ICLO)

1 X

DATE 9/10/72 TIME 1545 AGENT Ryan

## United

D. Computer Action If an error is detected, the message is returned to the sending station for correction. AHL messages accepted by the computer are matched with on-hand baggage information stored in the computer.

As a result of the matching process, the computer generates a "Match Message," "Near Match," or "No Match Message" to the tracing station. In any case, the input data is retained in the computer for further matching with OHD messages.

#### 18. CLOSE FILE MESSAGE (CLO)

A. The Close File Message (CLO) is a way to remove AHL and OHD records from the computer when baggage tracing has been successful.

EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (OHD)										ON-LINE BAGGAGE TRACING MESSAGE									
AHL TYPE										OHD TYPE									
A, 9, 0, D, P, C, L, B, E, A										A, 9, 0, D, P, C, L, B, E, A									
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## United

## 19. DUPLICATE FILE MESSAGE

- A. This message is generated to a sending station when a Close File Message (CLO) has been sent and there were two or more identical file numbers in the computer system. This message indicates that the computer has closed all files with this number.

EXAMPLE: DCALLUA  
 .CLTXCEA 071210  
 CLO OHD DCA/233 DUPE  
 JONES LJ UA2401 21A GRN  
 SMITH BS UA1414 15C BRN

- B. The station receiving a duplicate file message is responsible to determine which file number is active and to re-enter this file in the computer.

## 20. TRACING BAGGAGE CHECKED ONLINE If the claim check indicates:

- A. Properly Checked Baggage, see "Need Message" paragraph, this chapter.
- B. Baggage Checked to Unknown Destination (or if No Claim Check) follow "Properly Checked" procedures above.

C. Mischecked Baggage

- 1) Immediately notify the station indicated on the claim check to be holding the bag. Use telephone, or teletype message, e. g. .

LAXLL  
 NEED BG DOE/J MSCK YOUR STATION  
 TYPE 01 BROWN SAM INITIALS JD ON  
 LAX 61-60-16 WITH FIRAV ORD AND  
 ADV

- 2) If bag not located, follow "Properly Checked" procedures.

D. Standby Baggage

- 1) If not on board, notify origin station immediately by telephone or teletype message.
- 2) If baggage is not found, follow "Properly Checked" tracing procedures.

## 21. INTERLINE BAGGAGE TRACING

- A. Properly Checked Baggage requires cooperation to fullest extent among carriers and stations involved.

- 1) Same initial activity involved with interline trace as with on-line trace before implementing formal tracing procedures.

- a) Check all local areas

- b) Complete UPS 1304

- c) Wait approximately 4 hours, or for next arrival flight (UA or originating carrier) from transfer point.

- 2) If foregoing prove unsuccessful, telephone UA office at transfer point requesting a review of their records of transfer.

- a) If transfer record available, use standard on-line tracing procedures.

- b) If no record of transfer available, send a "NEED" message to the originating carrier/station. Have UA office at transfer point check with local office of originating carrier to determine if bag is lost locally at transfer point.

- 3) If transfer point baggage search is successful, forward the baggage to the station originating the "NEED" message using the Expedite Baggage Tags and appropriate procedures.

- 4) If transfer point baggage search is unsuccessful, forward an advice message to station originating trace indicating further tracing is being done.

- 5) ACTION BY TRACING STATION AFTER BAGGAGE RECEIVED When the station which initiated the original need message received the bag, a close file advice message will be sent to those stations addressed in any previous need messages.

EXAMPLE: ATLLDL ORDLLDL  
 SLCLUA  
 CLOFI PSGR GRASS WA771

- 6) TRACING WITH IATA CARRIERS If the passenger's itinerary includes transfer from an IATA member's flight to the flight of an ATC Member, the "NEED" message will be sent only to UA station(s) and to the delivering IATA member at the North American gateway. This IATA member will then be responsible for further tracing thru to the passenger's point of origin.

- 7) If the baggage is not found after 72 hours, forward the complete file to EXOPW by company mail.

- 8) If bag located, send "CLOFI" message to interline connection point. If UPS 1304 has been sent to EXOPW, then the CLOFI message should be sent to EXOPW.

# United

## B. Mischecked Baggage

1) Immediately notify the station indicated on the claim check to be holding the baggage. Use UNITEL or teletype message if UA serves the station. If UA does not serve the station, telephone the airline at the station to which baggage was checked.

2) If baggage not located follow "Properly Checked (Interline)" tracing procedures.

C. Other Type of Mishandling Use applicable online tracing procedures, keeping in mind the interline tracing message format.

## Request for Tracing by Other Airline

22. BAGGAGE CHECKED ONLINE BUT THE PASSENGER USED ANOTHER CARRIER Take information on UPS 1304 and use UA online tracing procedures. When closing file, retain original only in local file.

## 23. BAGGAGE CHECKED INTERLINE

A. Bag check shows UA as final carrier, however, passenger terminates with other carrier, check interline record of transfer to determine if UA or other airline received baggage.

- 1) If UA received baggage, use online tracing procedures.
- 2) If no record of transfer to UA from delivering carrier, use interline tracing procedure.

B. If bag check shows UA was originating carrier, check baggage on hand and other areas where baggage might be.

- 1) If unable to locate, take all available information on UPS 1304. Ask requesting airline for additional information if needed. Check with requesting airline periodically to see if file is open.
- 2) Use online tracing procedures for 72 hours. Then notify requesting airline that you haven't found baggage. Close local file, retain original only in local file.

C. If bag check shows UA was not originating or terminating carrier, but was an interim carrier, follow procedures outlined in B above.

NOTE: Advise requesting airline whether or not UA received baggage from airline at up-line point. Give any other transfer information you have in cases of four leg itineraries to requesting carrier.

## Baggage Delivery

24. AS SOON AS MISHANDLED BAGGAGE IS RECEIVED, phone or wire the passenger telling him the baggage has been found. If the passenger indicates it is inconvenient for him to pick up the baggage, arrange delivery. Record details of the delivery arrangements on the UPS 1304.

NOTE: Complete Mishandled Summary Line of UPS 1304 (see MISHANDLED BAGGAGE TREND ANALYSIS later).

25. UA PAYS DELIVERY EXPENSE unless the passenger's claim check is marked "V/S". (Voluntary Separation)  
A. In case of interline checked baggage when UA is the terminating carrier, UA pays the delivery expense. If the cost is over \$25.00 and your investigation reveals another airline caused the mishandling, send all details to EXOPW.

B. In the case of UA 1/2 fare, 1/4 fare, or other non-revenue passengers, first determine if the baggage can be picked up at the airport. If this will create a hardship, deliver the baggage at UA expense.

C. In the case of Youth Fare and Military Standby passengers, UA pays the delivery expense if the baggage was mishandled.

26. INSURANCE If delivery is by commercial other than local delivery service, carrier insure shipment for \$500 or highest amount obtainable.

27. USE THE QUICKLY DELIVER TAG (UPS 2038) for local baggage delivery.

## A. If there is only one bag:

- 1) Complete tag down through "UA CONTACT, NAME AND PHONE NUMBER", and attach entire tag to bag.
- 2) After delivery service representative signs "BAGS RECD BY" section, detach first three copies.
  - a) Send original to station auditor.
  - b) Attach duplicate to UPS 1304.
  - c) Give third copy to delivery service representative.

NOTE: The delivery service representative should have the addressee or his authorized representative sign the UPS 2038 when he delivers the bag. The delivery service can use the triplicate copy to bill UA.

*United*REQUEST FOR BAGGAGE INVENTORY LETTER (UPS 1878)

We are sorry that our preliminary efforts to locate your missing baggage have been unsuccessful. In order to broaden our search, our entire file is being referred to our Tracing Center for further handling.

We would appreciate your assistance in filling out the enclosed questionnaire(s) (If more than one bag is missing, fill out a separate questionnaire for each.) Please forward as soon as possible in the enclosed pre-addressed envelope. This will give our Tracing Center the detailed information they need. The other copies may be kept for your records.

In the meantime, our deepest apologies for the inconvenience this situation is causing you.  
UNITED AIR LINES

PLEASE DIRECT FUTURE INQUIRIES TO

United Air Lines  
Executive Offices  
Consumer Relations Department  
P. O. Box 66100  
Chicago, Illinois 60666

UPS 1878 REV. 10/71 PRINTED IN U.S.A.

32. REVIEW THE UPS 1304 Complete all applicable entries. If interline travel is involved, check the Record of Transfer box. Distribute to:
- A. White and pink copies to EXOPW with complete message file and any other pertinent information available. Include claim checks.
  - B. Green copy to station file.

## United

- B. If there is more than one bag to deliver to the same passenger:

- 1) Complete only one UPS 2038 as instructed above. In "INSTRUCTIONS" section, write "Lot shipment -- Number 1 of (total number of bags)".
- 2) Use Expedite Tags (UT 38XL) for other bags in the shipment. Write the number of the UPS 2038 on the expedite tag and "Lot shipment - Number 2 of (total number of bags)", etc.

28. IF THE PASSENGER lives in a nearby community not served by your usual delivery service, or has gone to another locality where the baggage cannot be expedited to him by the same airlines he used, forward by the most expeditious means. Try to find out the nature and value of the bag's contents and then judge whether the normal tariff liability of the carrier used is sufficient, or whether excess valuation insurance should be taken out on the bag. Since UA's liability for the bag is \$500, our interest should be protected.

29. INCLUDE ORDERS WITH MILITARY BAGGAGE delivered to APO/FPO address.

A. Bag located at your station. Remove copy of military orders from UPS 1304 and attach to Quickly Deliver tag or to expedite tag.

B. Bag located at other station. Have other station forward bag to UA office at APO/FPO station. Other station also teletypes baggage disposition. Send copy of military orders by company mail to UA office at APO/FPO station so bag can be released to military.

If Baggage is Not Located

30. NOTIFY THE PASSENGER On the third day after the loss (approximately 72 hours), if baggage has not been found, call the passenger and advise him of the status of the search.

A. Advise him local procedures have been exhausted in the search for his baggage, and his file is being sent to the Baggage Tracing Center - Customer Relations Division (EXOPW) for further action, as a more thorough search may be accomplished by that office. (Never convey the impression to the passenger that his baggage is hopelessly lost.)

B. Explain that he will receive a Questionnaire from your office. Ask him to complete and forward the questionnaire immediately. One questionnaire is needed to describe the contents of each missing bag.

31. SEND PASSENGER a Statement In Proof Of Loss (UPS 1747) and proper number of Baggage Description and Contents Listing forms (UPS 2539). On envelope addressed to passenger, type name and address and use air mail when appropriate. Enclose:

- A. Postage prepaid envelope (EN 820) addressed to Consumer Relations.
- B. Set of Statement In Proof Of Loss forms (UPS 1747).
- C. Set of Baggage Description and Contents Listing (UPS 2539) for each bag.

<b>UNITED AIR LINES</b>		<small>SEE REGULATIONS 65-18 DPS 1038 REV. 3-69 PRINTED IN U.S.A.</small>	
<small>COPY 1 - UA AGENT (AUDITING) 2 - UA AGENT (FILE)</small>		<small>3 - DELIVERY DRIVER (INVOICE) 4 - PASSENGER</small>	
<b>QUICKLY</b>		<b>UNITED</b>	
DELIVER TO:		No. 394525	
NAME <u>NICK C. TEENFITT</u>			
ADDRESS <u>1971 CANCER DR</u>			
CITY <u>ALEXANDRIA VA</u>			
APR NO. <u>2 J</u>	PHONE NUMBER <u>437 6184</u>		
<small>INSTRUCTIONS. CARE OF, ETC.</small>			
BAG TAG NUMBERS <u>331204</u>			
UA CONTACT NAME <u>HUTSINGER</u>		PHONE NUMBER <u>952-4194</u>	
RECD FROM UA DATE <u>10/10/71</u>	TIME <u>1730</u>	BY <u>ROD</u>	
TRANS. CO. NAME <u>ATI</u>			
BAGS RECD BY (PASSENGER'S OR AUTHORIZED SIGNATURE) <u>Nick C. Teenfitt</u>		TIME	AM PM
DELIVERY DRIVER Obtain Signature of Passenger or Receiving Agent in above space and submit this coupon with invoice			



*United*

→ 1) One copy of each (UPS 1747 and 2539) for forwarding to Consumer Relations. UPS 2539 for each missing bag.

2) One copy of UPS 1747 and one copy of UPS 2539 for each missing bag to be kept by passenger for his personal record.

3) Airline baggage chart on reverse side of UPS 2539.

D. Letter Use "Request for Baggage Inventory Letter" (UPS 1878) explaining procedures with date, passenger's name, address, city and state typed in.

NOTE: Contacts by EXOPW with the passenger will be frequent enough to keep the passenger well informed as to the progress being made. However, if a passenger contacts the office where the loss was originally reported, the agent must NOT absolve his office of any responsibility. Offer assistance by telling the passenger that the file is in EXOPW and offer to determine the status.

# United

## UNCLAIMED AND ON-HAND BAGGAGE

1. UNCLAIMED AND ON-HAND BAGGAGE is:
  - A. Any baggage, including that marked "hold for pickup", remaining in the claim area after passengers have had opportunity to claim their bags and
  - B. Untagged baggage discovered in other areas.
2. PROTECT UNCLAIMED BAGGAGE as instructed in "Claiming" section of Regulations 65-16.
3. INSPECT CLAIMING AREA AND BAG ROOM after each arrival. Care should be taken to assure that only baggage for local claiming is left in the area.
4. CHECK AIR FREIGHT and other logical areas at least once each day for misdirected baggage.
5. ESTABLISH local interline procedures for the exchange of Baggage-On-Hand information. Exchange information at least once a day for bags held over 24 hours.
6. RAMP SERVICE is responsible for notifying Lost and Found if untagged baggage is found.

### Handling and Reporting Unclaimed and On-Hand Baggage

7. ON-HAND MESSAGES (OHD)
  - A. An OHD is originated for each unclaimed bag that has been held by a station for three hours, or as soon as possible thereafter. Unclaimed baggage should be inspected as required to obtain name identification for use in the message.

EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (OHD)		OHD-BAGGAGE TRACKING MESSAGE			
AHL FILE NO. 1		OHD FILE NO. 1			
AHL FILE NO. 2		OHD FILE NO. 2			
AHL FILE NO. 3		OHD FILE NO. 3			
AHL FILE NO. 4		OHD FILE NO. 4			
AHL FILE NO. 5		OHD FILE NO. 5			
AHL FILE NO. 6		OHD FILE NO. 6			
AHL FILE NO. 7		OHD FILE NO. 7			
AHL FILE NO. 8		OHD FILE NO. 8			
AHL FILE NO. 9		OHD FILE NO. 9			
AHL FILE NO. 10		OHD FILE NO. 10			
AHL FILE NO. 11		OHD FILE NO. 11			
AHL FILE NO. 12		OHD FILE NO. 12			
AHL FILE NO. 13		OHD FILE NO. 13			
AHL FILE NO. 14		OHD FILE NO. 14			
AHL FILE NO. 15		OHD FILE NO. 15			
AHL FILE NO. 16		OHD FILE NO. 16			
AHL FILE NO. 17		OHD FILE NO. 17			
AHL FILE NO. 18		OHD FILE NO. 18			
AHL FILE NO. 19		OHD FILE NO. 19			
AHL FILE NO. 20		OHD FILE NO. 20			
AHL FILE NO. 21		OHD FILE NO. 21			
AHL FILE NO. 22		OHD FILE NO. 22			
AHL FILE NO. 23		OHD FILE NO. 23			
AHL FILE NO. 24		OHD FILE NO. 24			
AHL FILE NO. 25		OHD FILE NO. 25			
AHL FILE NO. 26		OHD FILE NO. 26			
AHL FILE NO. 27		OHD FILE NO. 27			
AHL FILE NO. 28		OHD FILE NO. 28			
AHL FILE NO. 29		OHD FILE NO. 29			
AHL FILE NO. 30		OHD FILE NO. 30			
AHL FILE NO. 31		OHD FILE NO. 31			
AHL FILE NO. 32		OHD FILE NO. 32			
AHL FILE NO. 33		OHD FILE NO. 33			
AHL FILE NO. 34		OHD FILE NO. 34			
AHL FILE NO. 35		OHD FILE NO. 35			
AHL FILE NO. 36		OHD FILE NO. 36			
AHL FILE NO. 37		OHD FILE NO. 37			
AHL FILE NO. 38		OHD FILE NO. 38			
AHL FILE NO. 39		OHD FILE NO. 39			
AHL FILE NO. 40		OHD FILE NO. 40			
AHL FILE NO. 41		OHD FILE NO. 41			
AHL FILE NO. 42		OHD FILE NO. 42			
AHL FILE NO. 43		OHD FILE NO. 43			
AHL FILE NO. 44		OHD FILE NO. 44			
AHL FILE NO. 45		OHD FILE NO. 45			
AHL FILE NO. 46		OHD FILE NO. 46			
AHL FILE NO. 47		OHD FILE NO. 47			
AHL FILE NO. 48		OHD FILE NO. 48			
AHL FILE NO. 49		OHD FILE NO. 49			
AHL FILE NO. 50		OHD FILE NO. 50			
AHL FILE NO. 51		OHD FILE NO. 51			
AHL FILE NO. 52		OHD FILE NO. 52			
AHL FILE NO. 53		OHD FILE NO. 53			
AHL FILE NO. 54		OHD FILE NO. 54			
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AHL FILE NO. 57		OHD FILE NO. 57			
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AHL FILE NO. 68		OHD FILE NO. 68			
AHL FILE NO. 69		OHD FILE NO. 69			
AHL FILE NO. 70		OHD FILE NO. 70			
AHL FILE NO. 71		OHD FILE NO. 71			
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AHL FILE NO. 73		OHD FILE NO. 73			
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AHL FILE NO. 75		OHD FILE NO. 75			
AHL FILE NO. 76		OHD FILE NO. 76			
AHL FILE NO. 77		OHD FILE NO. 77			
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AHL FILE NO. 80		OHD FILE NO. 80			
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AHL FILE NO. 87		OHD FILE NO. 87			
AHL FILE NO. 88		OHD FILE NO. 88			
AHL FILE NO. 89		OHD FILE NO. 89			
AHL FILE NO. 90		OHD FILE NO. 90			
AHL FILE NO. 91		OHD FILE NO. 91			
AHL FILE NO. 92		OHD FILE NO. 92			
AHL FILE NO. 93		OHD FILE NO. 93			
AHL FILE NO. 94		OHD FILE NO. 94			
AHL FILE NO. 95		OHD FILE NO. 95			
AHL FILE NO. 96		OHD FILE NO. 96			
AHL FILE NO. 97		OHD FILE NO. 97			
AHL FILE NO. 98		OHD FILE NO. 98			
AHL FILE NO. 99		OHD FILE NO. 99			
AHL FILE NO. 100		OHD FILE NO. 100			

DOUBLE VERTICAL LINES (||) DENOTE A SPACE.

NOTE: Omit out lines in AHL and OHD messages which contain no information. Lines crossed out should not be transmitted.

9/7/72 1045 ALEXANDER

## United

8. One OHD may be input for each unclaimed bag if the volumes of bags on-hand do not permit easy cross-reference for name or initial.

For example, low volume stations may be able to group on-hand bags by customer name, initials and sequential numbers, and send grouped bags as one message. High volume stations may find grouping impractical.

- 1) Line 2 - If the passenger's last name cannot be determined, line 2, "Passenger's Name" must be excluded from the message.
- 2) Line 3 - If there are no initials on the bag and the passenger's initials cannot be determined, line 3, "Bag/Passenger Initials" must be excluded from the message.
- 3) Line 4 - Same as AHL message.

- C. Each station must maintain a 4 digit file number log for on-hand bags. This is in addition to the AHL log.

An example of one method of creating an OHD file number log follows:

### OHD File Number Log

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99
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8. UNTAGGED BAGGAGE Try to determine owner of baggage from exterior or interior ID so passenger can be paged to identify baggage for retagging. (If baggage must be opened, a supervisor should act as witness, see "Searching Baggage" para.). If page is not answered, or if owner or baggage destination cannot be determined, handle as follows:

#### A. Attach an Expedite Tag (UT 38X1) to bag.

- 1) Under "Remarks" section indicate date and time bag received, bag type, color and brand name.
- 2) Record under appropriate category name and address (if available) reference number (from OHD log), and at least 3 outstanding contents.

- B. When a bag is found without a tag, name or initials on it, it will be put into the computer in the following way:

- 1) Line 1-OHD-giving station, etc.
- 2) Line 2-TAGOFF-written as one word.
- 3) Line 3-TG
- 4) Line 4-cannot be filled in with a bag tag number since the tag is missing from the bag. We, therefore, have assigned a fictitious number for use in handling all tag off bags into the computer. This number for Line 4 will be UA0000.
- 5) Line 5-group, type and color from the UPS 2539.

- C. Report on Cur-Hand Message (OHD) as soon as possible.

- D. To get the best results from the computer, enter the found bag into the computer as soon as possible, and in no event should the entry be delayed beyond the end of the shift on which the bag was found.

Also, to prevent duplicate entries into the computer, flag the baggage tags in some manner to alert later shifts that those bags have already been entered.

United

EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (GHD)		UNITED AIR LINES ON-LINE BAGGAGE TRACING MESSAGE RUE REGULATORY 80-11			
AHL/DIP C L B E A		FILE NO. 1	FILE NO. 2	FILE NO. 3	FILE NO. 4
1 0 H D U F K U A 1 0 3 3					
2 T A G O E F					
3 T G					
4 U A D O O O					
5 0 4 A B R N					
6					
7					
8					
9					
10					
11					
CLOSE FILE (CLO)					
AHL/DIP C L B E A					
1 0 H D U F K U A 1 0 3 3					
2 T A G O E F					
3 T G					
4 U A D O O O					
5 0 4 A B R N					
6					
7					
8					
9					
10					
11					
12/17/12 0830					
13					

DOUBLE VERTICAL LINES (||) DENOTE A SPACE.

NOTE: Cross out lines in AHL and GHD messages which contain no information. Lines crossed out should not be transmitted.

9. IF A BAG TAGGED FOR YOUR STATION is unclaimed

A. Date tag on bag immediately.B. If bag has exterior name identification, report it on the OHD message.

NOTE: If the bag has a 100,000 Mile Club bag tag with the customer's name on it, you can learn the customer's business address, with a phone call. On business days, between 8:30 AM and 5:00 PM Chicago time, EXO extensions 4304 and 5787 have this information. After business hours and on weekends, HDQR extension 4376 can give you addresses of Club Members who have paid dues and are current members only.

C. If bag has no exterior identification, open it and attempt to identify ownership from contents. Report the bag on the on-hand message (OHD).

10. BAGGAGE MARKED HOLD FOR PICK UP

A. Received off in-bound flight.

- 1) Date tag on bag immediately.
- 2) Report on the OHD message giving name (if available) type, color, tag number.

B. Accepted at local station as hold for pick up. (Do not accept any hold for pick up baggage which would be on hand over 72 hours.)

- 1) Remove bag tag from bag and obtain passenger's claim check. Give passenger stub of Expedite Tag With Log Copy (UT 38 XL) as claim check.
- 2) Attach Expedite Tag indicating name, address, phone number, and date to be claimed.
- 3) Report on the OHD Message giving name, type, color, and show as Tag Off.

11. REPORT BAGGAGE BEING HELD BY CTO'S, downtown terminals, and limo company in applicable form on the OHD Message.

12. AT THE END OF 72 HOURS forward all unclaimed baggage to EXOPW, using the Expedite Tag With Log Copy (UT 38 XL). Keep log copy for local file.

Baggage On-Hand Reports

13. USE ON-HAND BAGGAGE TRACING MESSAGE (UPS2775) to prepare BOH message. List all bags not previously entered into the computer. This message should be compiled once daily and sent as close to 0001 as possible. Again, baggage tags should be flagged in some form to alert later shifts that they have been entered into the computer.



## United

14. **SEARCHING BAGGAGE** When necessary to examine the contents of a bag to determine the owner's identity, a supervisor should be present to witness the search. If contraband of any nature (narcotics, firearms, explosives, counterfeit currency, etc.) is discovered, notify the highest level of Customer Services management on duty. If the Supervisor/Manager agrees that the bag does appear to contain contraband of any nature, he must immediately contact appropriate authorities. If the authorities ask to see the baggage, advise them of the need for a valid search warrant. So that management personnel may understand our legal position, EXOLD has detailed the following procedure:

- A. The tariff rules provide that all baggage is subject to inspection by the carrier. Since this rule is part of the contract of carriage, the passenger has consented to baggage inspection. But only the air carrier and not a third party, may exercise this right of inspection.
- B. If the carrier, in the course of inspecting baggage, discovers contraband and notifies the authorities, the latter may then secure a search warrant on the basis of such information and conduct a search. Under these circumstances, the search is entirely proper.

1. The authorities may not search baggage without a valid search warrant unless such search is made incidental to a lawful arrest.

EXCEPTION: Certain states have enacted legislation which permits state law enforcement agencies to "open and examine any parcel, package, or other receptacle in the possession of any common carrier, which they have reason to believe contains narcotic drugs... without having in their possession a valid search warrant. Should such laws exist in your state, you may, on showing of proper authority, permit law enforcement officers to open and examine baggage in our possession.

2. When contraband items are recovered in a customer's baggage, take the following action as relates to computer inputs:

- 1) On the baggage description line, Line 5, of the OHD messages an optional "C" can be used to indicate this particular bag contains legally prohibited items such as drugs, guns, etc.

EXAMPLE:

NEED BAG (AHL)/BAG ON HAND (OHD)		UNITED AIR LINES ON-LINE BAGGAGE TRACING MESSAGE REG. REGULATION 80-10			
1. <input type="checkbox"/> AHL <input checked="" type="checkbox"/> OHD <input type="checkbox"/> P <input type="checkbox"/> C <input type="checkbox"/> L <input type="checkbox"/> B <input type="checkbox"/> E <input type="checkbox"/> A		FILE NO. 1	FILE NO. 2	FILE NO. 3	FILE NO. 4
2. <input type="checkbox"/> O <input type="checkbox"/> H <input type="checkbox"/> D <input type="checkbox"/> B <input type="checkbox"/> O <input type="checkbox"/> S <input type="checkbox"/> U <input type="checkbox"/> I <input type="checkbox"/> A <input type="checkbox"/> I <input type="checkbox"/> O <input type="checkbox"/> T					
3. <input type="checkbox"/> S <input type="checkbox"/> W <input type="checkbox"/> A <input type="checkbox"/> N					
4. <input type="checkbox"/> A <input type="checkbox"/> G <input type="checkbox"/> S					
5. <input type="checkbox"/> U <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> 3 <input type="checkbox"/> 7 <input type="checkbox"/> 2 <input type="checkbox"/> 1					
6. <input type="checkbox"/> O <input type="checkbox"/> 3 <input type="checkbox"/> A <input type="checkbox"/> G <input type="checkbox"/> R <input type="checkbox"/> N <input type="checkbox"/> C					
7. <input type="checkbox"/> 1 <input type="checkbox"/> 2					
8. <input type="checkbox"/> 1 <input type="checkbox"/> 2					
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*United*

- 2) The output message to an AHL "Need" call shows the word "ACTION" when a match or near match has been made with a bag containing these legally prohibited items.

EXAMPLE: SFOLLUA  
 .CLTXCEA  
 AHL SFO3456 03A GRN SWAN A MATCH  
 OHD BOS1107 03A GRN SWAN AGS ACTION

- 3) Contact the station shown as holding the "MATCH" bag. Determine what the contents are. Advise the supervisor or Manager who then advises the appropriate local law enforcement authority.

E. Under no circumstances give the customer any indication relative to UA or law enforcement agencies having knowledge of the illegal contents of the baggage. If the bag has no outside L.D., advise the passenger the computer tracing system arranges near match replies on the basis of type and color, and the bag will be forwarded for identification. Be certain to keep appropriate law enforcement agencies advised. When the bag arrives, contact both the passenger and authorities to arrange baggage identification.

F. At points where frequent use of this procedure is anticipated, the Manager should review our regulations with local law enforcement authorities. Such an advance review may expedite matters when discovery of contraband requires their notification.

15. DUE TO THE wide variety of shipping containers being used for skis, all skis should be reported as Type 93 and the color of the skis should be shown on the OHD Message.

# United

## MISHANDLED BAGGAGE TREND ANALYSIS

PASSENGER - MISHANDLED BAGGAGE  
& PERSONAL PROPERTY 65-15  
REVISION #23 9/29/74  
Remove Pages 33 & 34. Insert 33 & 34.  
Record on record of revisions.  
Published for EXOPW. Issued by EXORG.

1. THE MISHANDLED BAGGAGE TREND ANALYSIS(MBTA)  
(issued monthly by EXOKF provides the Manager of  
Customer Services with information on the cause and  
frequency of baggage mishandling at his station.

2. "CHARGE COPY" of UPS 1304 The CSM receives the  
pink "charge copy" of the Mishandled Baggage Report  
(UPS 1304) when his station is charged with a specific baggage  
mishandling. He is responsible for investigating the charge.

Completing the Mishandling Summary Line  
on the Mishandled Baggage Report (UPS 1304)

3. THE AGENT AT THE DESTINATION STATION who is  
informed or discovers the cause of the mishandling must  
complete the Summary line at the time of discovery.

4. AN ACCURATE MBTA depends upon the complete accurate  
analysis of each mishandling by the agent who is  
completing the Mishandling Summary line on the UPS 1304.  
Thus, it is essential that he follow these procedures carefully.

→ 5. ENTRIES ON THE SUMMARY LINE Entries should be  
block printed and legible.  
A. First three boxes "Flight AWOB/MO/DAY" The  
entry here is the flight number on which the passenger  
"arrived without bag" followed by the month and  
day of arrival.

B. Fourth Box "NO. BAGS" The number of bags that  
failed to arrive with the passenger on the flight.

C. Fifth Box "REPORTING STATION" Enter your three  
letter station code.

D. Sixth Box "STATION CHARGED" Enter three letter  
code of UA station charged with mishandling. Do  
not show any off system station codes.

E. Seventh Box "PAWOB CATEGORY CHARGED" Enter  
four letters only. Use the following approved  
PAWOB codes. Do not add any editorial or explanatory  
comments.

1) BGSW (Bag Switch) Bag switch occurs at  
destination station claiming area. Charge to  
your station.

2) CHIT (Changed Itinerary) Passenger involun-  
tarily changes itinerary. Or, if passenger volun-  
tarily changed his itinerary for personal reasons and  
bag tag was not changed to new correct flight or  
re-marked to new correct flight. Charge to station  
where change occurred.

NOTE: If bag tag is marked "V/S", do not charge as a PAWOB.  
Destroy #2 and #3 copies and retain #1 as station file.

3) IN (Interline transfer - other carrier code)  
Interline transfer bag which did not make design-  
ated transfer to UA through failure of delivering  
carrier to handle properly. Last two letters should  
designate carrier at fault, e.g., INTW.

NOTE: Sometimes the delivering carrier mishandles the  
bag at a point upline from the connecting point  
(e.g., passenger used TW PHX-ORD, UA ORD-GRR; bag  
NTBD at PHX). The proper charge, in this example, is  
ORD INTW.

4) LACA (Late Arriving Claim Area) Bag late in  
being off-loaded and into claiming area,  
causing passenger to leave airport thinking bag has  
not arrived. As in BGSW, station will charge  
itself and will not mail #3 copy of UPS 1304.

5) MSBD (Misboard) Baggage checked correctly  
but boarded on wrong flight. Also, bag  
boarded on correct flight, but not in pit or con-  
tainer referred to in Cargo Load Message (CLM).  
Always charge to boarding station.

6) MSCK (Mischeck) Strap check incorrectly pre-  
pared to show wrong destination, flight number,  
carrier or routing. Tag switches which occur at  
check-in will be charged as MSCK. (When MSCK  
originated on another carrier, handle as shown under  
IN above.) If tag switch occurred during some  
other phase of handling, charge to UA station at  
fault.

A

B

C

D

E

F

MISHANDLING SUMMARY	UA FLIGHT AWOB 857	MONTH 01	DAY 11	NO. BAGS 1	REPORTING STN. CODE OIR	CHARGED STATION CODE DIA	PAWOB CATEGORY CHARGED TIG	AGENT MAKING CATEGORY CHARGE (Agent's No.) 850
Are there any unusual or suspicious circumstances concerning this bag? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If Yes, explain on other side								

UPS 1304 REV. 8-74 PRINTED IN U.S.A.

MISHANDLED BAGGAGE REPORT

☐ SEE OTHER SIDE FOR ADDITIONAL COMMENTS



## United

7) NTBD (Not boarded) Bag checked properly, but not boarded on the flight designated on strap check. Generally speaking, local originating bags will constitute the majority of PAWOB's so charged. However, Interline Transfer bags, properly delivered by another carrier in time for UA to load on outbound flight, but through UA failure are not loaded, should also be charged as NTBD.

8) ONTR (On-line Transfer) Bag did not make the DESIGNATED on-line transfer and arrived on subsequent flight from transfer point. Charge to station where bag was not properly transferred. If prior mishandling occurred causing bag to be delayed in reaching transfer point, charge prior mishandling as cause of PAWOB.

9) OVRC (Overcarry) If all pits or containers on the flight have been checked by Ramp Service and the bag is later found at a downline station through which or to which the flight operates, charge "OVRC" to your station. If only pits or containers designated on the CLM have been checked by Ramp Service, and the baggage is located on the flight downline, charge as "MSBD" to the station which boarded the bag on the flight and originated the CLM.

10) STBY (Standby) If standby bags were not boarded, charge STBY to ORIGIN station.

11) TGOF (Tag Off) Bag delayed in reaching destination by reason of missing bag tag. Charge to station where bag is found.

12) MISC (Miscellaneous) Bag not arriving at destination with passenger for any reason other than above. Include bag switched prior to check-in, bags removed short of destination.

F. Eighth Box "Enter UA/PA Connecting Flight No."  
Enter flight number from which bag(s) have been misconnected when category charged is online transfer (ONTR) or interline transfer (IN\_\_)

### Distributing the UPS 1304

6. IF THE BAG IS LOCATED and returned to the passenger, complete the Mishandling Summary Line. Distribute:

A. White copy to EXOA1. Circle code "EXOA1" in upper left hand corner. Do not fold or staple. Remove any attached claim checks, tags or meters and forward as company mail.

B. Green copy to station file.

C. Pink copy to the UA station charged with causing the mishandling. Circle the station's code in upper left hand corner and send by "open" company mail. Include all teletype messages and bag tags involved in mishandling.

7. IF BAG IS NOT LOCATED see "If Bag is not Located" earlier in this chapter.

8. ERRONEOUS MISHANDLING CHARGES When completing the UPS 1304, be sure the appropriate mishandling charge is included in the four letter code area. Also be sure to charge the correct station for the mishandling. Once the white copy of the UPS 1304 reaches EXOA1, it is keypunched and entered into the computer. There is no way to retrieve the information and correct it in case of error. If the wrong station has been charged, or if the charge itself is incorrect, it cannot be corrected.

Stations erroneously charged cannot obtain relief from the charge since it will appear in the Mishandled Baggage Trend Analysis the following month. Their only recourse will be to keep a record of such erroneous charges, recap them at the end of the month and send their report to the management of the station. This will enable management to reconcile the indicated station standing on the Mishandled Baggage Trend Analysis with the actual facts of the case.



## UNITED AIRLINES

## DAMAGE TO BAGGAGE AND PERSONAL PROPERTY

1. PREPARE BAGGAGE OR PERSONAL PROPERTY DAMAGE REPORT (UPS 552) (see facsimile on following page) when a passenger reports that his baggage or personal property has been damaged (or soiled) on UA premises or while in UA custody).

A. Be sure to get passenger's proper address for correspondence. Give complete details about the baggage, the damage, and the passenger's itinerary. The passenger's estimate of original cost and age of luggage and whether or not it is part of a matched set are also necessary.

B. Preparing UPS 552 does not admit that UA is liable, nor does it guarantee damaged items will be repaired or replaced at UA expense. Do not make statements which might be construed as admitting liability. You may make general statements to the effect that UA wants to adjust matters satisfactorily.

2. RIGHT OF INSPECTION Any passenger who retains custody of damaged property while awaiting a review of his claim by UA should be cautioned that the property must be kept available for further inspection. UA will not accept liability in any case where damage property is disposed of by a passenger prior to final settlement of his claim, or where a passenger refuses to release damaged property for inspection upon request.

3. INTERLINE BAGGAGE CLAIMS Accept passenger reports of damaged baggage and prepare UPS 552 when baggage was checked for through transportation over the lines of two or more carriers and UA was one of the carriers. Do not refer such passengers to other carriers; however, if they have already reported the damage to another carrier, be sure to note pertinent details of the earlier report on the UPS 552.

A. If UA was final carrier, handle as if UA has been the only carrier. If there is definite reason to believe another carrier caused the damage, handle as a normal claim but send a UPS 552 to EXOPW giving details.

B. If UA was not final carrier, handle through EXOPW. Make no settlement or commitment. EXOPW will coordinate settlement with the final carrier under interline agreements.

#### Handling Claims Locally

4. PREPARE ONE UPS 552 for local file.
5. HANDLE MINOR DAMAGE CLAIMS by instructing passenger to have his baggage repaired and send the receipt for expense to your office for reimbursement. Use this standard procedure wherever possible.

A. Give passenger a Customer Services Address Slip (UPS 1621) to return to you with the receipt for repair expense. This is important whether passenger is a local or out-of-town resident.

UNITED AIR LINES CUSTOMER SERVICE ADDRESS SLIP SEE REGULATIONS 68-15		
TO BE USED FOR CLEANING OR REPAIR ONLY		
Issuing agent		
Please print your name and address clearly. Enclose this slip with your receipted bill. Mail to address shown at bottom.		
<div style="display: flex; justify-content: space-between;"> <div>           MR. MRS. MISS  </div> <div>           NUMBER AND STREET  </div> <div>           APT.  </div> </div>		
CITY	STATE	ZIP CODE
<div style="border-top: 1px solid black; height: 10px; width: 100%;"></div>		
UPS 1621 REV 11-68 PRINTED IN U.S.A.		

NOTE: Each station should have a rubber stamp of station address so passenger will have "return address" information.

EXAMPLE: United Air Lines  
Sales and Services Manager  
Douglas Field  
P. O. Box 27014  
Charlotte, N.C. 28208

B. Upon request, recommend a local repair shop known to be competent and reliable.

C. When repair receipt is returned, make out an adjustment check to mail to passenger. So no letter of transmittal will be required to identify the purpose of the check to the passenger, type on the check stub "Baggage Damage Adjustment". However, a letter of transmittal and apology is desirable.

D. File the UPS 552 as complete.

E. Mark receipt showing passenger's name and send to EXOPW with next Report of Area Disbursing Account Expenditures (UA 1104).



## PREPARE &amp; DISTRIBUTE TO:

- 1 LOCAL FILE  
2 & 3 EXOPW/REPAIR DEPOT #  
4 PASSENGER'S RECEIPT/RECORD

\* If EXOPW sending forward 2 & 3 to them  
If bag being sent to repair depot enclose 2 & 3 in bag  
If handling locally discard 2 & 3

UNITED AIRLINES  
☐ BAGGAGE DAMAGE REPORT  
☐ PERSONAL PROPERTY DAMAGE REPORT  
SEE REGULATIONS 65-18

PASSENGER'S COMPLETE ITINERARY				LOCAL ADDRESS UNTIL		PASSENGER'S LAST NAME AND INITIALS	
FROM	TO	AIRLINE	FLIGHT/DATE	NO.	YES	NO	YES
				NUMBER AND STREET		NUMBER AND STREET	
				CITY, STATE		CITY, STATE	
				ZIP CODE		ZIP CODE	
				AREA CODE PHONE NUMBER		AREA CODE PHONE NUMBER	
HOW REPORTED <input type="checkbox"/> BY PERSON <input type="checkbox"/> BY LETTER <input type="checkbox"/> BY PHONE				PREVIOUSLY REPORTED <input type="checkbox"/> NO <input type="checkbox"/> YES		DATE	
CLAIM CHECK NUMBER				BAG TYPE OR NAME OF ARTICLE		TICKET SERIAL NUMBER	
				COLOR		EXCESS VALUATION NUMBER	
				MATERIAL			
				MANUFACTURER OR BRAND			
				YEAR PURCHASED			
				ORIGINAL COST			
PART OF MATCHED SET? <input type="checkbox"/> NO <input type="checkbox"/> YES				WHERE WAS ARTICLE LAST IN POSSESSION OF PASSENGER?		WHERE WAS ARTICLE LAST SEEN UNDAMAGED?	
DESCRIBE DAMAGE (identify item by number as listed above - 1, 2, etc.)				IF BAG SHOWN DAMAGED AREAS TO BE REPAIRED			
CAUSE OF DAMAGE							
CHECK ONE				<p><input type="checkbox"/> Passenger will have repairs made and will mail receipts to this office for reimbursement. Give passenger UPS 1621 Address Slip.</p> <p><input type="checkbox"/> Refer to _____ LL for handling</p> <p><input type="checkbox"/> Repairs or replacement being handled locally</p> <p><input type="checkbox"/> Security Report - Information Only</p> <p><input type="checkbox"/> Damaged goods will be shipped to Central Repairs Depot for inspection with two copies of this report enclosed. Place Local File Copy of UPS 552 on follow-up to assure completion of transaction.</p> <p><input type="checkbox"/> Passenger will hold goods and will expect letter from EXOPW regarding damage.</p>			
REMARKS				<p>RIGHT OF INSPECTION - Any passenger who retains custody of damaged property while awaiting a review of his claim by UA should be cautioned that the property must be kept available for further inspection. United will not accept liability in any case where damaged property is disposed of by a passenger prior to final settlement of his claim, or where a passenger refuses to release damaged property for inspection upon request.</p>			
REPORT PREPARED BY (AGENT)				PROPERTY RECEIVED BY (AGENT)			
COMPANY ADDRESS CODE				SENT TO (NAME OF REPAIR SERVICE)			
DATE				OR			
UPS 562 NEW 10-14 PRINTED IN U.S.A.				EXPEDITE TAG NUMBER			
				FLIGHT/OTHER			

## United

6. **LOCAL REPAIR OR REPLACEMENT** by UA may sometimes be advisable. Usually the manager will be familiar with at least one local luggage shop known for competent repairs at reasonable rates, and which provides replacement baggage (when required) at a minimum of 20% off retail.

7. **AUTHORITY TO MAKE CASH SETTLEMENTS** on claims arising from damage (or soiling) of baggage or personal property is limited as follows:

A. Customer Services, District Sales, and Sales & Ticket Offices Authority:

Local Office or Station Authority - per passenger up to \$100.00.

Regional Vice President or Area Manager - Marketing - per passenger up to \$500.00

Divisional Vice President - up to \$2500.00

NOTE: Complete details are in Reg. 95-30 and 95-34.

B. Expenses incurred from damage to passenger baggage and personal property resulting in an individual total claim of more than \$500 are not to be settled locally. Handle as described later under "EXOPW Handling Claims."

8 - 9. (Unassigned).

Damage Claims Adjustment Guide

**THIS IS COMPANY CONFIDENTIAL INFORMATION**

10. **THIS GENERAL GUIDE** gives an impartial basis for setting a cash value to settle a damage claim if passenger agrees and UA is responsible for the damage. This guide is not a hard and fast rule; you may have to deviate. Of course, where no method of settlement is agreeable to the passenger, refer the claim to EXOPW.

NOTE: Articles costing \$5.00 or more will not be depreciated to a point less than \$5.00.

11. **SET THE VALUE OF BAGGAGE** at the cost of replacement minus depreciation. Depreciation is normally 1/7 of replacement cost times the years of service. This may vary according to whether the luggage was constantly used or not.

EXAMPLE: A three year old bag originally cost \$49.00.  $49 \times 1/7 \times 3$  equals \$21.00 depreciation. Normally allow \$28.00 for the claim. If the bag shows little wear you might allow \$35 to \$40. If the bag shows heavy wear, \$20 to \$25 may be a fair allowance.

12. **CLOTHING DAMAGE CLAIMS VARY.** Set values as follows:

A. Determine replacement cost; the article's actual age in months (years for a "ten year" life expectancy item); and the article's condition; excellent, average, or poor.

B. Use the article's life expectancy from the Life Expectancy Rate Table to find the correct column on the Clothing Claims Adjustment Values Table. Read down the column to the box which shows the actual age of the garment.

C. Multiply the replacement cost by the percent of replacement cost according to garment condition. This gives the normal allowance.

EXAMPLE: High fashion cocktail dress. Replacement cost \$200. Life expectancy 3 years. Actual age 30 months.

Condition excellent. Adjustment value: \$60.

**CLOTHING CLAIMS AND ADJUSTMENT VALUES TABLE**

Life Expectancy (See table on next page)						Adjustment Value		
1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	% of the Replacement Cost		
Actual Age in Months						Excellent	Average	Poor
0 to 4	0 to 4	0 to 4	0 to 4	0 to 4	Less than 1 yr.	100%	100%	100%
4 to 7	4 to 7	4 to 10	4 to 13	4 to 16	2 to 4 years	75%	75%	60%
7 to 9	7 to 13	10 to 19	13 to 25	16 to 31	4 to 6 years	70%	60%	45%
9 to 11	13 to 19	19 to 28	25 to 37	31 to 46	6 to 8 years	50%	40%	30%
11 to 13	19 to 25	28 to 37	37 to 49	46 to 61	8 to 11 yrs.	30%	20%	15%
13 mos. & older	25 mos. & older	37 mos. & older	49 mos. & older	61 mos. & older	11 years & older	20%	15%	10%

## United

LIFE EXPECTANCY RATE TABLE

MEN'S & BOY'S WEAR		MEN'S & BOY'S WEAR		WOMEN'S & GIRL'S WEAR		WOMEN'S & GIRL'S WEAR	
Years	Item	Years	Item	Years	Item	Years	Item
2	BATHING SUITS		SLACKS		DRESSES:		SLACKS
	COATS:	4	a) Wool & blends	1	House	2	Lounging
4	a) Overcoats	2	b) Cotton & synthetic	3	Afternoon	2	Sport
3	b) Topcoats	1	SOCKS	2	Street	3	Dress
5	c) Leather		SPORT COATS:		Evening or cocktail:	2	SLIPS
5	FORMAL WEAR	4	a) Wool & wool blends	3	a) High fashion	2	SLIPPERS
2	GLOVES	2	b) Cotton & synthetic	5	b) Basic	2	SPORTSWEAR
	HATS:	2	SPORTSWEAR-Other		GLOVES		SUITS
1	a) Straw		than shirts	2	Leather	4	Basic
2	b) Felt		SUITS - Summer	1	Fabric	3	High Fashion
5	c) Fur		weight		HATS:	3	SWEATERS
5	LEATHER JACKETS &	3	a) Wool & wool blends	1	Straw	2	SWIMWEAR
	COATS	2	b) Synthetic & cotton	2	Felt		UNDERWEAR:
1	NECKTIES	4	SUITS-Winter Weight	5	Fur	2	Slips
2	NIGHTWEAR	3	SWEATERS		HOUSECOATS:	1	Foundation Types
	RAINCOATS:	2	UNDERWEAR	1	Lightweight	1	Panties
2	a) Plastic film	2	VESTS - Fancy	3	Quilted	1	UNIFORMS
3	b) Fabric & rubber	2	WORK CLOTHING	3	Heavy	1	WORK CLOTHING
	ROBES:			2	NEGLIGEE		
3	a) Silk		WOMEN'S & GIRL'S WEAR	2	NIGHTWEAR		CHILDREN'S WEAR
2	b) Other fabric	Years	Item		RAINCOATS		
2	c) Beach robes		APRONS:	3	Fabric	2	COATS
	SHOES:	1	Regular	2	Plastic	2	COAT SETS
3	a) Men's	4	Fancy		ROBES - see housecoats	2	DRESSES
1	b) Boys		BLOUSES		SCARVES:	1	HATS, BONNETS
	SHIRTS	2	Sports	2	Sheer	1	PLAYCLOTHES
2	Dress	3	Dress	3	Heavy	2	SNOW SUITS
	Sports:		COATS:		SHOES:	2	SUITS
2	a) Woven cotton	3	Cloth	2	Walking	1	UNDERGARMENTS
	& synthetic	5	Leather	1	Work		
2	b) Knit-all types	2	Plastic	2	Dress		
3	c) Woven woolen	10	Fur	5	Evening, Formal		

# United

## EXPWP Handling Claims

13. MOST CLAIMS can be handled without involving EXPWP. However, when the passenger will not agree to local decision, let EXPWP decide.
14. DOUBTFUL CLAIMS and unusual circumstances may make it advisable to seek assistance from EXPWP. Ask the passenger to hold the damaged property and wait for further word.
15. CLAIMS OF "HIDDEN DAMAGE" to contents (breakage of bottles or other fragiles) where baggage shows no external signs of rough handling should be tactfully denied.
16. IF EXPWP IS TO HANDLE:

- A. Prepare two UPS 552's: one for EXPWP, one for local file.
- B. Clearly explain the reasons for having EXPWP handle claim in the "Remarks" section of UPS 552. Send UPS 552 to EXPWP immediately.

17 - 18. (Unassigned)

## Central Repair Depot Handling

19. PREPARE THREE UPS 552's: two for Repair Depot; one for local file.
20. USE CENTRAL REPAIR DEPOT when damage is extensive and serious, local repair or replacement seems doubtful or costly.

- A. Advise passenger that repairs or replacements usually are completed within five working days. Baggage is returned to the owner via prepaid air freight. Transit time is not included in the five days, but if an unforeseen delay occurs, the Repair Depot will notify the owner either directly or through your station.

NOTE: If an owner does not accept his repaired or replacement baggage, send the file, bag, and letter describing circumstances to EXPWP.

- B. Place two copies of UPS 552 in damaged baggage, carton or wrap baggage and send to your nearest Central Repair Depot:

DEN - A. E. Meek Truck & Bag - Vendor #4568  
 LAX - Beckel's Luggage & Gifts - Vendor #1597  
 MSP - Carl Pedro & Sons - Vendor #5254  
 NYC - J. R. Gerardo, Inc. - Vendor #3305  
 TPA - Luggage Service, Inc. - Vendor #4318

- C. The Repair Depot will make necessary repair or replacement and bill your station. Check invoice for accuracy with your copy of UPS 552.

- D. Prepare Expedite Tags as follows for sending baggage to Repair Depots:

UT 38XL REV. 5-70	PRINTED IN U S A
UNITED AIR LINES EXPEDITE BAGGAGE	
weight this piece Kg / lbs.	
<b>RUSH</b>	
TO <u>DENLL</u> <u>ATTN - MECK TRUCK &amp; BAG</u>	
AIRLINE / FLIGHT <u>UA 340</u>	
<b>UA 33-33-06</b>	

(for one piece)

<b>UA</b>	<b>EXPEDITE BAGGAGE</b>
TO (STATION) <u>MR I COLIVER BLOUGH</u>	
FROM (STATION) <u>845 ROSE ST</u>	
OFFICE (AIRLINE) <u>EXPWP</u>	
REFERENCE NUMBER <u>ENCINO, CALIFORNIA</u>	
ORIG. BAGG. TAG. NO. <u>BE 3-8477</u>	
NAME	
ADDRESS	
PHONE NO.	
AT EXPENSE OF <u>LAXLG</u>	
INSTRUCTIONS <u>UPS 552 ENCLOSED</u>	

## United

EXCEPTION: Occasionally a passenger will have more than one piece of baggage damaged. Do not prepare extra copies of UPS 552. Put the two UPS 552's in the same bag and prepare expedite tags as follows:

UT 383L REV 5-70	PRINTED IN U S A
<div style="display: flex; justify-content: space-between;"> <div> <b>UNITED AIR LINES</b>  <b>EXPEDITE BAGGAGE</b> </div> <div>             weight this piece Kg./lbs.           </div> </div>	
<h1>RUSH</h1>	
TO _____	
AIRLINE / FLIGHT _____	
<h2>UA 74-51-51</h2>	

UA	EXPEDITE BAGGAGE
TO (STATION/ OFFICE/AIRLINE) FROM (STATION/ OFFICE/AIRLINE) REFERENCE NUMBER ORIG. BAG TAG NO.	
NAME <u>Mr. Luke O. Cyle</u>	
ADDRESS <u>1404 S. Busse Rd</u>	
<u>Tampa, Florida 33607</u>	
PHONE NO. <u>876-7911</u>	
AT EXPENSE OF _____	
INFORMATION/INSTRUCTIONS <u>(2) of 2</u>	

### Damage to Unchecked Clothing and Personal Articles

21. **UNDER CERTAIN CONDITIONS**, UA may be held liable for damage (or soiling) of clothing being worn by passengers and cabin or carry-off baggage whether carried in racks. Keep the following points in mind when reporting damage to unchecked personal property.

- A. To assist in judging the extent of company liability, always show the exact nature of the damage; where it occurred; its cause; and whether any UA employee caused or contributed to the damage.
- B. Damage occurring in an area not owned or exclusively controlled by UA, such as in an airport restaurant should not be reported by UA agents unless the damage was caused by a UA employee.
- C. Damage apparently caused by a passenger's own carelessness (for example, food spilled on clothing during smooth and level flight) should not be reported unless the passenger requests that a report be made. In that case, all circumstances of the incident should be clearly explained on the UPS 552.

22. **CLAIM PROCEDURE** All details of damage (or soiling) of unchecked clothing or personal articles should be recorded on the UPS 552. Clearly indicate in the "Remarks" space what statements or promises have been made to the passenger.

A. Handle claims of damage or soiling caused by UA equipment, by carelessness of UA employee, or by conditions peculiar to air travel such as rough air during meal service.

- 1) Simple claims for soiled clothing such as food stain on a single garment (man's suit or lady's dress), the stewardess will advise the customer to contact our counter. Prepare a petty cash receipt indicating reason for disbursement and have the passenger sign the receipt. Issue \$2.00 in cash to the passenger for cleaning the soiled garment.

NOTE: Where the "going" rate for cleaning services is higher, this amount should be increased to a point where the customer is compensated for actual anticipated cleaning expense.

- 2) Routine claims involving laundry, dry cleaning, or repair costs which are more extensive than the simple claim but do not exceed local authority limits should be handled as described earlier under "Handling Claims Locally."

*United*

- 3) Difficult or unreasonable claims may make it advisable to seek assistance from EXOPW. Prepare two copies of UPS 552, one for EXOPW, one for local file. Clearly indicate what statements or promises have been made to the passenger. .
- B. Do not handle claims of damage or soiling caused by another passenger. Do not make any commitment. Do not give the passenger a UPS 1621. Depending on the circumstances, however, the damage may be reported to EXOPW on a UPS 552 for further consideration.





## UNITED AIRLINES

## LOST AND FOUND ARTICLES

1. **SCOPE** This section applies to personal belongings of UA passengers, or the general public, that are lost or found in the cabins of UA airplanes; at UA ticket counters or on other premises leased or controlled by UA. It does not apply to checked baggage. (See sections on UNCLAIMED BAGGAGE and MISHANDLED BAGGAGE in this chapter.)

2. **EXOPW** is the teletype address of UA's central office for lost and found articles as defined above. EXOPW operates five days a week (Monday through Friday) from 0830 to 1700 central time. Messages sent to EXOPW on week-ends cannot be acted on until Monday morning.

3. **REPORTING POLICY** No report need be prepared for an article that is returned to its owner immediately, before he leaves the premises. Otherwise, the policy is that:

A. **Found Report (UPS 409F)** Prepare immediately for each unclaimed article on hand. Do not detach original; leave it on the UPS 409F. This way, the original will be immediately available at EXOLL when the found article is received.

B. **Lost Report (UPS 409L)** Prepare for each loss reported. Mail the original to EXOPW 24 hours after the time of loss.

4. **LOCAL RECORDS** of lost and found articles must be kept at least 120 days. This includes station copies of Lost Reports and Found Reports; station copies of Shipping Memos for articles shipped to EXOPW etc.

5. **CARD FILE** Each station should keep a 3" x 5" card file for filing station copies of Lost and Found Reports during the 120 day period.

A. For **systemwide uniformity**, box should have the following dividers, arranged alphabetically. (Omit dividers at small stations where volume of reports does not justify.)

Books	Miscellaneous & other
Briefcases	Pens & Pencils
Cameras & Equipment	Purses & Wallets
Coats	Overshoes & Rubbers
Envelopes & Folders	Smoking Equipment
Glasses & Binoculars	Toys
Gloves	Umbrellas
Hats	Wearing Apparel
Jewelry & Keys	(other than coats, hats or gloves)
Kits (Shaving, Cosmetic Sewing)	

B. **File Lost and Found Reports** together, using same set of dividers. Behind each divider, file reports in date order with most recent date to the front.

6. **TELETYPE MESSAGES** to other stations or EXOPW may be used to trace lost articles. However:

A. Do not trace other stations for articles lost more than ten days, since all "found" articles are shipped to EXOPW after that time.

B. Do not send AAL messages, nor address copies of routine inter-station messages to EXOPW.

C. Do not use teletype messages to notify EXOPW or other stations of routine "found" articles on hand.

7. **SECURITY** Protect all articles until they are returned to their owners or shipped to EXOPW. A locked drawer or cabinet may be used for most items. However, the station safe should be used for valuables such as expensive cameras, jewelry, watches, binoculars, furs, etc. Safe should also be used for articles such as wallets or purses that contain cash, checks, money orders, or other negotiable instruments worth more than one dollar.

Lost Report (UPS 409L)

8. **WHEN A PASSENGER REPORTS A LOSS IN PERSON**, first see if there is a Found Report for the same article in the local card file.

A. If there is, you need not prepare a Lost Report. Follow procedures under Returning Found Articles to Owners on later page.

B. If there is not, prepare a Lost Report (UPS 409L) immediately. Tell passenger you will send a copy to UA's central Lost & Found office. Do not commit UA to any liability.

9. **PREPARATION** Use ballpoint pen or pencil. Enter all of the following (see sample at top of next page):

A. Date of loss;

B. Flight number if lost on a UA airplane, or other UA premises where lost;

C. Type of article (e.g., "Fountain Pen");

D. Good description that will positively identify the article when it is found;

E. Owner's full name and mailing address (including title such as "Mr.," "Mrs.," or "Miss");

F. Any necessary "Remarks";

G. Company address code of reporting office;

H. Agent's name or number;

J. Give passenger the printed #1 copy of UPS 409L.



United Airlines LOSS REPORT SEE REGULATIONS 65-15		355003
1. TO PASSENGER 2. TO EXOPW AFTER 72 HOURS 3. LOCAL FILE		
DATE LOST	DATE REPORTED	ARTICLE
ON FLIGHT NO. (OR OTHER LOCATION)		DESCRIPTION (COLOR, SIZE, ETC.)
LOST BY (NAME)		<small>(USE REVERSE SIDE FOR ADDITIONAL COMMENTS)</small> WHERE LAST SEEN <input type="checkbox"/> SEAT <input type="checkbox"/> COATROOM <input type="checkbox"/> OVERHEAD RACK OTHER AGENT NUMBER      CO. ADD. CODE
NUMBER AND STREET		
CITY STATE ZIP CODE		
PHONE NUMBER		
FOR EXOPW USE ONLY		

UPS 409L REV. 11-74 PRINTED IN U.S.A.

Illustration of  
#2 and #3 copies

#### 10. DISTRIBUTION OF COPIES #2 AND #3

- A. If lost less than 72 hours, keep both copies together until 24 hours have elapsed. Then, if the article has not been found, send #2 copy to EXOPW via Company Mail. Place #3 copy in local card file.
  - B. If lost more than 72 hours, send the #2 copy to EXOPW immediately. Place #3 copy in local card file.
11. LOSSES REPORTED BY MAIL If a passenger reports a loss by mail, and there is no Found Report on file locally for the same article:
- A. Prepare a Loss Report (UPS 409L) based on information in the passenger letter.
  - B. Detach and mail the "PASSENGER COPY" of the Loss Report to the passenger. You may address, stamp, and mail it as a post card or mail it in an envelope.
  - C. Staple the #2 copy of the Loss Report to the letter from the passenger and send to EXOPW by company mail.
  - D. File #3 copy of the Loss Report in local file.

#### Cancelling a Loss Report

12. DURING FIRST 72 HOURS, if a lost article is found before the original of the Loss Report has been mailed to EXOPW:

- A. On both copies of the Loss Report, show how the article is being forwarded to owner. (See Returning Found Articles to Owners on next page.)
    - 1) If passenger picks up in person, ask him to sign both copies of the report.
    - 2) If another station has the article and is shipping it direct to the owner, so indicate.
  - B. Draw a diagonal line across the face of both copies to indicate the report is "closed out."
  - C. Send the original copy to EXOPW by Company Mail. Place the duplicate in local card file.
13. AFTER 72 HOURS If a lost article is found through local efforts after original Loss Report has been mailed to EXOPW. A. the same entries as above on the duplicate copy; draw a diagonal line across it; and return it to the local card file.



## Found Report (UPS 409F)

14. WHEN AN UNCLAIMED ARTICLE IS TURNED IN, first see if there is a Lost Report (UPS 409F) on file locally for the same article.

A. If there is, and if you are in a position to return the article directly to its owner, you need not prepare a Found Report. Follow procedures under Cancelling a Lost Report on preceding page.

B. Otherwise, prepare a Found Report (UPS 409F) immediately.

15. PREPARATION Use ballpoint pen or pencil and press hard enough to make third copy legible. Enter all of the following (see sample at bottom of this page):

A. Date found;

B. Flight number if found on UA airplane, or other UA premises where found;

C. Type of article;

D. Good description so EXOPW can check the Found Report against Lost Reports for similar articles.

E. Any "Remarks";

F. Company address code of office holding the article;

G. Agent's name or number.

IMPORTANT: If the found article contains cash or negotiable instruments, show on Found Report the type of instrument (cash, check, money order, etc.) and the total amount.

NOTE: Confiscated weapons - If the passenger's name and address were not obtained when the weapon was taken from him, follow the same procedure as for any other found article.

## 16. DISTRIBUTION OF COPIES

A. Duplicate: Place in local card file.

B. Original & Triplicate: Remain together and should be attached to the found article.

Returning Found Articles to Owners

17. THE PROCEDURES WHICH FOLLOW are for return of an unclaimed article covered by a Found Report (UPS 409F). Similar procedures apply when returning an article covered only by a Lost Report (UPS 409L), except that procedures for recording disposition are slightly different. (See Cancelling a Lost Report on preceding page.)

18. POLICY If owner's name and address can be determined, return the found article directly rather than forwarding it to EXOPW. Do not ship an article to another station for delivery to its owner, unless requested to do so by the other station or the owner. Ask the other station for his address and ship directly to him.

## 19. IF OWNER PICKS UP IN PERSON

A. Ask him to sign his name and address in the spaces provided on the Found Report. Keep in local files for 90 days.

B. Send original Found Report to EXOPW.

C. Discard triplicate copies.

1. and 3. Leave attached to article.		UNITED AIR LINES <b>FOUND REPORT</b> SEE REGULATIONS 65-15		364066	
2. Remove end place in station file.					
DATE FOUND	ON FLIGHT	(OR OTHER)	ARTICLE		
RETURNED TO			DESCRIPTION (COLOR, SIZE, ETC.)		
ADDRESS					
CITY	STATE	ZIP CODE			
SHIPPED TO EXOPW	DATE	SHIPPING MEMO	REMARKS		
FOR EXOPW USE ONLY					
			PREPARED BY	CO. ADD. CODE	
UPS 409F REV. 3-71 PRINTED IN U. S. A.					



## UNITED AIRLINES

20. IF NECESSARY TO SHIP TO OWNER use Registered Mail, Insured Parcel Post, Railway Express, etc., as indicated by the type of article.

- A. Enter owners name and address on Found Report in spaces provided, method of shipment, and your own signature. Keep duplicate in local files for 90 days.
- B. Send Original to EXOPW.
- C. Discard triplicate copy.

NOTE: Some stations have trouble shipping articles because they lack airport postal facilities, etc. If necessary, send such articles to EXOPW for reshipment. (See Shipping Articles to EXOPW below.) Be sure to enter owner's full name and mailing address on the original copy of the Found Report for use by EXOPW.

21. RETURN OF ARTICLES CONTAINING CASH If an article containing cash cannot be picked up by the owner in person, local supervisor should determine the best way of handling. Small sums may be returned inside the article, via Registered Mail. For larger amounts:

- A. Deposit the cash on a Cash Receipt (UA 101A), crediting account 4918-11-0560. Cross-reference the Cash Receipt to the Found Report.
- B. Issue a check locally, against same account, for the amount involved. Enclose this check in the article and ship via Registered Mail, declaring total value.
- C. Attach original of the Cash Receipt to monthly disbursement report sent to EXOAP.
- D. If it's impractical to issue an area revolving check, use a Refund Draft (UTS 1535). When using the Draft, attach the white copy to the original copy of the Cash Receipt and forward to EXOAC, per existing procedures.

#### Shipping Article to EXOPW

22. POLICY Found articles not claimed within 7 days must be shipped to EXOPW. Shorter holding periods are approved for stations with limited storage.

23. HANDLING FOUND REPORTS Leave original and triplicate copies of Found Reports attached to articles being shipped. In the space provided on the duplicate (station file) copies, enter the date of shipment to EXOPW. Keep duplicates in local card file for 90 days.

24. PACK ARTICLES in a carton with enough packing material to prevent damage. Seal carton securely.

25. ATTACH EXPEDITE BAGGAGE TAG with log (UT 38XL) securely to the shipment. Retain log copy for record of shipment.

26. ARTICLES CONTAINING CASH If a wallet, purse, or other article to be shipped to EXOPW contains any cash:

- A. Deposit the cash locally on a Cash Receipt (UA 101A), crediting account 4918-11-0560. Cross reference the Cash Receipt to the Found Report.
- B. Enclose the original of the Cash Receipt inside the article being shipped to EXOPW

27. (Unassigned,

#### Return of Articles From EXOPW

28. RETURN OF ARTICLES FROM EXOPW If the apparent owner is located after a found article has been shipped to EXOPW, check with EXOPW by wire before telling him definitely that the article is available. Give Found Report serial number; type of article; date shipped to EXOPW; any additional description furnished by the passenger; and his full name and mailing address.

EXOPW  
RE UPS 409F 65443 GRN PEN SHPD TO U 2/18 FWD TO  
MR JJ JONES 184 ELM ST BFL  
BFLLL

- A. EXOPW will confirm by wire if it holds the article and can ship it to the owner. In this case, staple copies of both wires to the duplicate (local file) copy of the Found Report. Then draw a diagonal line to "close out" the report and return it to the local card file.
- B. If EXOPW no longer holds the article, or it is not the right article, EXOPW will so advise. In this case, prepare a Lost Report (UPS 409L) covering the article the passenger has lost. Distribute the copies in normal way.

## WESTERN AIR LINES RESPONSES TO AIRLINE QUESTIONNAIRE

1. Have you seriously considered lowering fares on any major routes within the past five years? If so, did you file tariffs embodying lower fares? (docket numbers?) If not, why not? Do current Board procedures inhibit or encourage the carriers to experiment with lower rates? How?

Western has not taken action to lower its regular fares on major routes in the last five years because during most of this period Western's earnings were well below the C. A. B. standard rate of return on investment. Lower fares during this period would have reduced those earnings even further. However, during this period Western established a number of reduced promotional fares in selected markets, designed to fit the characteristics of the market concerned and thereby promote the use of discretionary income for personal travel and to fill empty seats.

Procedures recently adopted by the C. A. B. require submission of more detailed justification for new promotional fares than was formerly the case. However, much of this information is of the type we have been using in our internal studies of the merits of such filings.

2. Do you support the type of "zone of reasonableness" fare proposal advocated by DOT and DOJ in Phase 9 of the DPFI? Do you believe such as zone would lead to lower fares? Why?

No, Western does not support the "zone of reasonableness" fare concept which would allow variations in regular fares within a prescribed range. This concept might lead to lower fares in particular markets but if so, the results would probably be very inequitable between different communities and/or different carriers.

3. List representative figures to indicate the approximate proportion of business and pleasure passengers you carry on a) transcontinental flights; b) major short haul routes; c) minor short haul routes; d) international routes.

Western Air Lines does compile records of the proportion of business and pleasure passengers. For the most part, however, Western's system destinations lend themselves to exploitation for pleasure travel as distinguished from purely business travel. The estimates given are purely judgment figures based upon our marketing experience in certain markets:

- (a) Not applicable. Western has no transcontinental authority.
- (b) Los Angeles-Las Vegas. 80% pleasure, 20% business.  
Los Angeles-San Francisco. 50% pleasure, 50% business.  
Denver-San Diego. 55% pleasure, 45% business.
- (c) Salt Lake City-Pocatello, San Francisco-Reno,  
Denver-Rapid City. 50% personal and pleasure, 50%  
 business travel of all types.
- (d) Los Angeles-Mexico City/Acapulco, San Francisco-Vancouver,  
Denver-Calgary/Edmonton. 65% personal and pleasure,  
 35% business travel of all types.

4. How do you determine the proper fare for a particular city pair? Who, within your organization makes this decision? What studies are made for use in making it? Have you studied the possible effects of increased fare competition on your fares, costs, and profits? Describe in detail the studies you have made, and their conclusions.

Western's regular ("normal") fares have been constructed according to C. A. B. or industry standards. Promotional fares designed to fit specific market characteristics and thereby promote personal travel have been developed in each case within the Marketing Division, and approved by senior management.

The studies used in developing such fares employ a number of techniques which often vary, depending upon the type of personal travel market or situation involved, i. e. - individual travel, group travel, the correction of peak and valley traffic patterns, etc. Such techniques include the review of past statistical data, the advice of and consultation with local managers following contacts by them with other local information sources, including travel agents, tour organizers, and civic officials.

Ultimately when a judgment is reached as to the level of the promotional fare which it is felt will provide the inducement to generate the traffic sought, an economic evaluation is made, using the data previously obtained by the methods described above, to project generation and diversion estimates, and thereby the profit impact. This, then, determines the recommendation which is made whether or not to proceed with the experimental fare.

Subsequent follow-ups are made by various methods including ticket lifts and special surveys -- including inflight surveys, to determine the effect of the special fares. Obviously, sometimes the effect is a favorable one, and in other cases unfavorable -- meaning that new revenue is or is not developed to a greater degree than the revenue lost by diversion of existing business to the special fare.

5. How many times during the past ten years have your company or competing airlines filed for fare increases? In which markets? How many times have you matched fare increases that the Board approved? In which markets? Has your airline, in circumstances where a competitor filed an application for a fare increase which was approved, felt pressure--formal or informal--from the CAB or its staff to file for a similar fare increase? When? Describe. Has your airline felt pressure from other airlines to match an approved fare increase? Describe.

A chronological list of Western's fare increases in its five rate-making areas, which were common to all or virtually all markets in these areas, is attached. Western has no comparable records of the filings of competing airlines for fare increases.

There is no distinction in the attached list between different types of fare increases. In every instance the fare increase was permitted by the Board - i. e., Western could not have made these increases without the Board's sanction.

Western has never felt pressure - formal or informal - from the C. A. B., its staff or another airline to file an increase or to match an approved increase. (See Appendix A)

6. Enclose a statement of your costs, revenues, gross profits, interest on debt, actual taxes paid, net return to equity, and load factors for your domestic routes, and for your international routes broken down by individual route insofar as possible for each year for the past ten years. (Indicate as well those of your costs and profits that are attributable a) Your charter operations; b) other non scheduled airline related activities; c) non airline activities).

Attached is a Summary of Operations and an itemization of load factors, charter revenues and actual taxes paid for Western Air Lines for the past ten years. The information presented is that which has been formally developed and presented in the Form 41 reports to the Civil Aeronautics Board. Accordingly, the requested information is broken out by Latin American and Domestic (50-state) entities. Any further breakdown of operating results by routes or other lesser entities would involve disclosure of information which has heretofore been kept confidential within the company. We are not prepared at this time to disclose such "insider" information. (See Appendix B)

Increases In Fares In Each Of Western's Five  
Rate-Making Areas, 1965 - 1974, Inclusive

<u>Year</u>	<u>The 48 Contiguous States</u>	<u>Mainland- Hawaii</u>	<u>"Lower 48 States"- Alaska</u>	<u>U.S.- Mexico</u>	<u>U.S.- Canada</u>
<u>1965</u>	None	No service	No service	None	None
<u>1966</u>	None	No service	No service	None	None
<u>1967</u>	None	No service	None (PNA merged into Western in July, 1967)	None	None
<u>1968</u>	None	No service	None	None	None
<u>1969</u>	See below	None	See below	None	See below
2/20/69	Increase of 3.8%	(Service com- menced 7/25/69 with a reduc- tion of 15% in many fares)			
2/26/69					Same as for 48 states on 2/20/69
10/1/69	Increase of 6.3%				
11/15/69			Increased to 110% of Lower 48 levels of 10/1/69		
<u>1970</u>	None	See below	See below	See below	None
3/15/70				Increased 10%	
6/1/70		Increased 10% for first class only			
10/15/70			Increased 5%		



Increases In Fares In Each Of Western's Five  
Rate-Making Areas, 1965 - 1974, Inclusive

<u>Year</u>	<u>The 48 Contiguous States</u>	<u>Mainland- Hawaii</u>	<u>"Lower 48 States"- Alaska</u>	<u>U.S.- Mexico</u>	<u>U.S.- Canada</u>
<u>1971</u>	See below	See below	None	None	See below
1/11/71	Increased first class fares and modified application or amount of discount fares; in- crease of "package" totalling 3%				
5/7/71	Increase of 6%				
5/15/71		Increase of 10%			
6/6/71					Increase of 6%
<u>1972</u>	See below	None	None	None	None
9/5/72	Increase of 2.7%				
<u>1973</u>	See below	See below	See below	See below	See below
5/1/73				Increase of 5%	
6/1/73	1/3 reduction in youth and family plan discounts				
9/1/73		Increase of 8%	Increase of 5%		
12/1/73	1/3 reduction in youth and family plan discounts				
12/1/73	Increase of 5%				
12/9/73					Increase of 5%

Increases In Fares In Each Of Western's Five  
Rate-Making Areas, 1965 - 1974, Inclusive

<u>Year</u>	<u>The 48 Contiguous States</u>	<u>Mainland- Hawaii</u>	<u>"Lower 48 States"- Alaska</u>	<u>U.S.- Mexico</u>	<u>U.S.- Canada</u>
<u>1974</u>	See below	See below	See below	See below	See below
1/1/74				Increase of 6%	
3/1/74			Increase of 5-1/2%		
4/16/74	Increase of 6%				
5/1/74	Increase all military fares				Increase of 6% for Van- couver routes only
6/1/74	Discontinued youth, family and Discover America fares	Increase of 6%			
11/15/74	Increase of 4%				
12/1/74		Increase in Common Fare atopover charges			

WESTERN AIR LINES, INC.  
SUMMARY OF OPERATIONS  
(in thousands of dollars)

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
<b>Domestic - 50 States</b>										
Operating Revenues	\$382,579	\$336,487	\$298,415	\$273,668	\$219,607	\$202,276	\$175,546	\$162,426	\$129,949	\$123,284
Operating Expenses	349,457	319,259	288,805	268,153	236,090	286,505	154,220	129,273	108,290	99,060
Operating Income	33,121	17,228	9,609	5,514	(16,482)	15,772	21,326	33,153	21,660	24,224
Interest Expense	(8,400)	(8,205)	(10,358)	(13,589)	(13,644)	(6,013)	(2,779)	(2,972)	(2,356)	(2,356)
Other Income & Expenses-net	3,958	2,554	4,240	1,046	(117)	7	(10)	698	1,925	724
Earnings Before Taxes on Income	28,679	11,577	3,491	(7,028)	(30,243)	9,766	18,537	30,879	21,199	22,593
Taxes on Income	11,830	3,558	(138)	(4,536)	(16,323)	3,503	8,370	14,117	9,710	10,768
Net Earnings	\$16,849	\$8,019	\$3,629	\$(2,492)	\$(13,920)	\$6,263	\$10,167	\$16,762	\$11,489	\$11,825
Load Factor	57.1%	57.4%	53.1%	52.1%	46.4%	53.5%	56.0%	60.5%	55.3%	55.5%
Charter Revenues (Included in Operating Revenues Above)	\$3,351	\$2,030	\$3,242	\$3,173	\$759	\$157	\$91	\$131	\$400	\$172
Taxes Actually Paid in Current Period (Included in Taxes on Income Above)	\$4,997	\$4,692	\$(728)	\$(1,422)	\$(13,752)	\$2,234	\$3,130	\$7,592	\$5,226	\$5,791
<b>Latin America</b>										
Operating Revenues	\$32,138	\$29,175	\$27,180	\$24,440	\$20,745	\$19,677	\$16,936	\$14,758	\$10,649	\$9,598
Operating Expenses	25,137	22,796	20,484	18,144	16,663	15,766	12,922	11,564	7,508	6,070
Operating Income	7,001	6,379	6,695	6,296	4,081	3,910	4,014	3,194	3,140	3,528
Interest Expense	(616)	(582)	(804)	(997)	(1,104)	(523)	(232)	(267)	(167)	(135)
Other Income & Expenses-net	222	141	224	74	(8)	8	27	77	21	59
Earnings Before Taxes on Income	6,607	5,938	6,115	5,373	2,969	3,395	3,809	3,004	2,994	3,451
Taxes on Income	3,070	2,742	3,288	2,286	1,248	1,222	1,755	1,441	1,437	1,725
Net Earnings	\$3,537	\$3,196	\$2,827	\$3,087	\$1,721	\$2,173	\$2,054	\$1,563	\$1,557	\$1,726
Load Factor	70.1%	69.9%	61.1%	57.2%	58.2%	61.0%	62.7%	59.4%	63.2%	62.8%
Charter Revenues (Included in Operating Revenues Above)	\$137	\$69	\$1,041	\$14	\$-	\$84	\$-	\$-	\$-	\$-
Taxes Actually Paid in Current Period (Included in Taxes on Income Above)	\$2,478	\$1,683	\$3,253	\$2,072	\$177	\$777	\$1,755	\$1,441	\$1,437	\$1,725

7. Provide a statement of actual and predicated cash flow over the past five years. Provide a statement of projected cash flow over the next five years. What load factors did you assume in arriving at the figures in these statements? How do the figures change assuming load factors of 55%? 60% 65% 70%

# WESTERN AIR LINES, INC.

## STATEMENT OF CHANGES IN FINANCIAL POSITION (in thousands of dollars)

	Year ended December 31,				
	1969	1970	1971	1972	1973
<b>Source of Funds:</b>					
Earnings (loss) before extraordinary gain	\$(12,199)	595	5,897	11,216	20,386
Add back:					
Depreciation, amortization and provision for overhauls of flight equipment (Note 2)	37,692	41,529	38,607	35,254	29,436
Deferred income taxes	7,090	(1,501)	2,600	(3,275)	4,050
Charge (credit) related to investment credits	(6,350)	—	1,200	5,500	5,800
Amortization of investment credits	(2,150)	(2,050)	(2,325)	(2,300)	(2,425)
Gain on disposal of other property and equipment	(25)	(111)	(239)	(582)	(945)
Total from operations before extraordinary gain	23,968	39,113	45,740	45,813	56,302
Extraordinary gain	—	—	560	—	—
Deduct gain before taxes	—	—	(1,110)	—	—
Deduct deferred tax credits	—	—	(850)	—	—
Related reduction in working capital	—	—	(1,400)	—	—
Total from operations	23,968	39,113	44,340	45,813	56,302
Proceeds from disposal of property and equipment:					
Involuntary conversion of an aircraft	—	—	4,900	—	—
Other	2,909	3,220	526	1,689	5,615
Conversion of 5 1/4 % convertible subordinated debentures	79	—	—	89	—
Proceeds from issuance of long-term debt	29,706	—	—	—	15,362
Refunds of equipment purchase deposits	4,625	133	—	—	12,125
Federal income taxes refunded	—	12,285	—	—	—
Increase (decrease) in current liabilities	20,285	11,073	(862)	12,423	16,814
Proceeds from exercise of stock options	—	—	35	236	5
	81,572	65,824	48,939	60,250	106,223
<b>Application of Funds:</b>					
Purchase of airplanes, property and equipment and advances thereon	46,196	4,796	10,548	59,196	74,280
Increase in inventories, receivables and prepaid expenses	14,383	2,001	684	5,450	10,914
Reduction of long-term debt including transfers to current liabilities and conversion of debentures	16,274	22,965	22,144	21,553	21,463
Cash dividends	2,451	—	—	1,217	3,462
Aircraft preoperating costs	1,483	—	—	—	2,077
Other — net	201	(85)	(860)	(1,524)	1,788
	80,988	29,677	32,516	85,892	113,984
<b>Increase (Decrease) in Cash and Marketable Securities</b>	<u>\$ 584</u>	<u>36,147</u>	<u>16,423</u>	<u>(25,642)</u>	<u>(7,761)</u>
<b>Cash and Marketable Securities Balance at:</b>					
Beginning of period	\$ 27,870	28,454	64,601	81,024	55,382
End of period (Note 3)	<u>\$ 28,454</u>	<u>64,601</u>	<u>81,024</u>	<u>55,382</u>	<u>47,621</u>

8. List your purchases and leases of new airplanes made in the past five years. How much money have you invested in new airplanes during that time? What is the rate at which you depreciate those airplanes? How were these purchases financed? If they were financed by bond sales, list the amounts and dates on which these bonds fell due.

WESTERN AIR LINES, INC.  
(in thousands of dollars)

Aircraft purchased and leased since 1-1-1969:

<u>Year &amp; type of aircraft acquired</u>	<u>Purchased</u>		<u>Leased Quantity</u>
	<u>Quantity</u>	<u>Amount</u>	
<u>1969</u>			
Boeing 737	13	\$ 44,254	
Boeing 727			6
<u>1972</u>			
Boeing 727	5	35,263	
<u>1973</u>			
McDonnell Douglas DC-10	<u>2</u>	<u>39,463</u>	<u>2</u>
Past 5 years	<u>20</u>	<u>118,980</u>	<u>8</u>
<u>1974</u>			
McDonnell Douglas DC-10	1	20,322	
Boeing 727	<u>7</u>	<u>54,795</u>	
Total aircraft acquired	<u>28</u>		<u>8</u>
Total invested		<u>\$194,097</u>	

Depreciation Rates:

	<u>Percent per year</u>	
Boeing 737	7.08	%
Boeing 727	7.08	%
McDonnell Douglas DC-10	5.63	%

The above aircraft acquisitions were financed from external borrowings, a 1968 sale of convertible debentures and internally-generated funds.

5-1/4% Subordinated Convertible Debentures, \$30 million, issued in 1968, have a due date of 2-1-1993 with sinking fund payments of \$1.5 million a year starting in 1979.

9. Describe your existing outstanding contracts for the purchase of airplanes or other major items of equipment. Describe other such purchases that you plan over the next five years, which are not now covered by contracts.

WAL #4338.

Agreement with McDonnell Douglas for purchase of 1 DC-10 for May 1975 delivery.

WAL #4742. Agreement with Boeing Co. for purchase of 3 727-200's. Tentative delivery dates May and June 1975.

WAL #5190. Agreement with Pan American for purchase of 1 707-321C contingent upon transfer of Seattle-Fairbanks route from Pan Am to Western.

As regards planned purchases of aircraft, Western has options with the Boeing Co. which, if exercised, would provide for the purchase of aircraft for delivery in 1976 and 1977. As of now, no decision has been made regarding the exercise of such options.

Other major items covered by contract include:

Construction of a DC-10 hangar and a parking garage at Los Angeles International Airport.

Spare engines (4) and ground support equipment.

Aircraft and engine modifications.

Other facilities remodeling and/or construction.

Planned purchases of such items not covered by contract, are primarily for replacement of ground support equipment, remodeling, etc.

10. List the salaries, bonuses and any other compensation paid to the ten highest paid executives in your company for each year for the past five years.

<u>Salaries</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Arthur F. Kelly	\$ 55,211	59,423	71,981	78,365	102,019
J. Judson Taylor	59,135	75,289	85,385	95,048	99,125
Dominic P. Renda					88,038
Arthur F. Gardner					72,822
Philip E. Peirce	38,146	43,165	46,531	53,350	69,625
Charles J. J. Cox	38,647	43,165	46,531	51,365	56,905
Harold W. Caward	46,177	49,542	53,888	56,346	59,238
Gerald P. O'Grady			46,307	51,365	56,232
Anton B. Favero	38,146	39,492	42,846	46,692	52,165
Jack M. Slichter	42,723	43,165	44,512	46,010	49,034
Stanley R. Shatto	75,288	75,288	75,288	78,365	
Bert D. Lynn				41,019	
Richard B. Ault			39,162		
Arthur G. Woodley	45,173	45,173			
Terrell C. Drinkwater	100,385				

11. If your costs were to exceed your revenues each year for the next five years, by, say 5% or 10%, what steps would you take to avoid bankruptcy? Cut salaries? Renegotiate contracts with unions? Postpone dates on which payments for aircraft are due? Other? Would you reorganize the company before going into bankruptcy? What would be the effect of bankruptcy on debt holders, equity holders, the traveling public? Would the company stay in business? Were payments on airplanes rescheduled or forgiven, would it be possible to stay in business? How much leeway, in terms of cashflow, would such rescheduling or forgiveness produce?

This question is theoretical and is difficult to answer in the abstract.

Western's management would take corrective action any time costs exceeded revenues. The action taken would depend upon a great many factors including the nature and severity of the problem. The alternatives open to management might include one or more of the measures suggested in the question. Whatever measures management might choose to take would be calculated to preserve Western as a profitable airline while, at the same time, fulfilling its public service obligations.

12. Do you believe the CAB ought, as its first priority, to act to prevent a possible bankruptcy by any major trunk carrier? If not its first priority, should the CAB give such a task a high priority? Under what conditions?

The Board's first priority should always be the administration of the powers and duties given it under its charter -- the Federal Aviation Act of 1958, as amended. A part of that responsibility is fostering sound economic conditions in the industry it regulates. If possible bankruptcy of any major trunk carrier were indicative of a general industry trend, then the Board should certainly act to prevent such failures. The same situation should prevail if the threatened carrier were a minor trunk carrier. However, it is doubtful if the Board should give high priority to preventing bankruptcy of any one carrier if it is clear that to do so the Board would be departing from the principles and standards set forth in its charter.

13. Why, in your view, are the original trunk carriers--those in business in 1938--the only trunk carriers still in business? Why have no other firms in the aviation business become trunk carriers?

That the original trunk carriers are still in business is a consequence of sound regulatory policies of the Congress in creating the C.A.B. in 1938. The principal reason why no other firms in the aviation business have become trunk carriers is because of the large

capital investment required and the fact that the original trunks are still in business. Over the years, the C.A.B. has discharged its regulatory responsibilities in a responsible manner by balancing competition between and among the trunk and local service carriers. The result is that today this nation has the finest air transport system in the world.

14. If the CAB were to set a definite policy of not allowing any fare increases in the next five years, what would you do? Would you disinvest in aircraft? How can you do this? Would demand catch up to your present fleet? When? Suppose the CAB cut fares by 10% or suppose fuel costs continue to increase?

Under present law the C.A.B. has no authority to arbitrarily fix fares without regard to changing economic conditions. Air transportation is no different than any other commodity in that prices must reflect changing market conditions, costs, productivity, and many other factors. The C.A.B. must consider all of these in determining the lawfulness of fares. Properly managed and regulated by the C.A.B. an airline should not have to establish a program to disinvest in aircraft.

15. Normally, low profits are a signal to an industry that its investment is too large--that it should disinvest. Is this "classical" statement applicable to the airline industry? If not, why not?

The classical statement that low profits are a signal to an industry that its investment is too large probably has fit the industry to some extent during the recent past and the airlines have taken initial steps to disinvestment by

- delayed deliveries of new aircraft;
- grounding the larger wide-bodied aircraft;
- selling older flight equipment; and
- selling support equipment.

By so moving toward disinvesting, the airlines have attempted to attain a more satisfactory balance between sales and production as reflected by load factors.

The statement is not necessarily true in the short run. Investment usually is made in anticipation of demand and often must be made in increments that produce short-run excess demand. The airlines are a growth industry. In the past short-run excess demand has evaporated with growth in demand.

The airlines, manufacturers and governmental agencies (C.A.B., F.A.A.) over-estimated the rate of traffic growth that would be attained during the late 1960's and early 1970's. Based on these forecasts, orders for new equipment were excessive; varying considerably, however, from carrier to carrier. The excess capacity took at least three forms:



- 1) Excess plant capacity, in the aggregate
- 2) Excessively large aircraft, in some instances
- 3) New route awards in a competitive environment.

Large aircraft, which would have been more economical to operate if traffic growth had occurred as forecast, could not be operated at the planned utilization. In addition, operation of these aircraft at the lower traffic volumes, necessitated reduced frequencies of service, which in turn had a negative effect on traffic growth.

Whether this statement continues to be applicable during the present period when modest, irregular (or even negative growth) is in prospect, only the future can tell because the airlines

- must provide for the public convenience and necessity even if profits are low,
- must give and plan to give long-range service,
- must give at least minimum service to the markets they serve,
- must remain viable by keeping equipment up to date,
- must meet increasing standards imposed by ecology,
- are very sensitive to general economic conditions,
- must give manufacturers long lead times for the acquisition of new plant (aircraft) and
- must order new plant in view to specific markets in order to give these markets adequate service without producing excessive capacity.

The airlines are a service industry. The basic product produced is seats in the air which perish immediately when not used. There is no production for inventory and profit is generated by a relatively narrow profit margin which lies between the actual load factor and the breakeven load factor. As a result, airline profits are subject to wide swings.

16. What major factors do you believe are responsible for the airline industry's low profit over the past few years? Do you believe that CAB policies contributed to, or offset, low profits? (Specify which policies and how.

See answer to question No. 15 above.

17. During a recent CAB proceeding an industry witness testified: "If a carrier were absolutely certain that the CAB would allow it to go bankrupt before it were given any relief, then I believe you would see some action taking place in eliminating marginal capacity (excess capacity)" Do you agree with this statement? Why? Do you believe that the CAB's load factor standards would be more effective in controlling load factors if the CAB were less concerned to prevent airline bankruptcy or reorganizations?

It would be irresponsible for the C. A. B. to make a statement to the effect that it would give no relief to a carrier facing bankruptcy. The C. A. B. has an obligation to promote the industry it regulates. Factors beyond the control of management can cause "marginal capacity (excess capacity)." Indeed, it is conceivable that if the present economic downturn continues unabated the entire industry will be suffering from excess capacity. Under such circumstances, the C. A. B. would have an obligation under its charter to assist in any way possible to preserve the air transport industry-including award of federal subsidy.

Western does not have excess capacity. It operates with the highest load factors in the trunkline industry. We operate that way in order to remain profitable.

18. Are your costs higher than, equal to, or lower than the industry average? By how much? Why?

For the 12 months ended September 1974, Western's operating expense per Available Seat Mile is lower than the industry.

	<u>Industry (A)</u>	<u>Western (B)</u>
Operating Expense (Mil)	\$11,816.0	\$ 436.3
Available Seat Miles (Mil)	271,100	11,134
Operating Expense per ASM	4.36¢	3.92¢

(A) Pages 6 and 7 of the CAB Airline Industry Economic Report for September 1974.

(B) Company records.

19. List your advertising, other promotion, and office rental costs, absolutely, and as a percentage of total costs, for each year for the past five years.

WESTERN AIR LINES, INC.  
(in thousands of dollars)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>5 Year Total</u>
Advertising	\$7,597	8,089	9,071	9,715	10,571	45,043
% of Operating Expense	3.01%	2.83%	2.93%	2.84%	2.82%	2.88%
Other Promotion & Publicity	153	296	718	1,003	651	2,821
% of Operating Expense	.06%	.10%	.23%	.29%	.17%	.18%
Rental - Buildings*	5,029	5,301	5,793	6,275	7,221	29,619
% of Operating Expense	1.99%	1.85%	1.87%	1.83%	1.93%	1.89%

\* This category includes office rentals as well as terminals, sales offices and, etc.

20. Assuming that all scheduled flights remain unchanged what is the additional cost of carrying one extra passenger on a flight?

Please refer to comments under No. 6 above.

The additional cost of carrying one extra passenger on a flight cannot be determined independently of many other factors, for example:

Was food service provided. If so, was it deluxe or coach; snack or dinner, etc.

Were complimentary beverages served.

Was travel agent commission paid on the ticket.

Were any credit card charges incurred.

Was there any interrupted trip expense.

How much additional fuel was consumed (in general, a heavy airplane requires more fuel than a lighter one).

What was trip length for computation of passenger liability insurance.

21. Please answer the following questions in respect to each of the following markets: San Francisco/Hawaii, New York/Hawaii, New York/Los Angeles, New York/Atlanta, Chicago/New York, New York/Miami, Boston/Washington:

a. What are your costs per flight, (1) determined on a "fully allocated" cost basis, (2) determined on a DOC basis (as used by the CAB), (3) determined on an "incremental cost" basis (what do you include in "incremental cost")? Determine these costs insofar as possible both on a "seat-mile" basis and on an RPM basis.

b. What are your load factors in each of those markets?

For the reasons stated in the answer to question No. 6 above, Western is unwilling to disclose information with respect to revenues and expenses on individual route segments.

22. List the routes including international routes that you have applied for CAB permission to serve in the last five years. Indicate those routes where the CAB has granted permission. Indicate those where the CAB has denied permission. Indicate those where no action was taken by the CAB, along with the ultimate disposition of the application. As to each application, indicate the date of filing and the date of ultimate disposition along with the dates of any hearings held. Do you believe that Board actions on your route applications have generally been expeditious? If not, to what do you attribute the delay?

Western does not believe that Board actions on our route applications have been expeditious. The primary reason for the long delay is the Board's decisional process which includes setting the case for hearing, reaching a decision on the merits, and preparing the Board's written opinion.

<u>Docket #</u>	<u>Date Filed</u>	<u>Route Applied For</u>	<u>Date of Hearing</u>	<u>CAB Action</u>	<u>Date of Decision</u>
D-20933	4/22/69	Prudhoe Bay/Sag River-Anchorage; Prudhoe Bay/Sag River-Fairbanks-Seattle/Tacoma; Fairbanks-Seattle/Tacoma; and Fairbanks-Kenai	5/22/70	Consolidated into <u>Alaska Service Investigation, D-20826</u> ; Permission denied	Order 71-12-45 12/9/71
D-20955	4/28/69	Anchorage-Edmonton/Calgary-Minneapolis/St. Paul-Chicago		Dismissed without action	Order 73-1-56 1/18/73
D-21313	8/15/69	Las Vegas-Portland/Seattle	6/29/70; 2/6/73	Consolidated into <u>Reno-Portland/Seattle, D-21136</u>	Awaiting date for oral argument
D-21384	9/4/69	San Francisco/San Jose/Oakland-Twin Cities via Denver		Permission granted	Order 70-1-79 1/15/70
D-22685	10/27/70	Seattle/Tacoma-Anchorage-Tokyo		Dismissed without action	Order 74-7-29 7/5/74
D-23441	5/27/71	Denver-Kansas City-Chicago		Dismissed without action	Order 74-7-29 7/5/74
D-24648	8/4/72	Los Angeles/Ontario/Long Beach-Miami/Ft. Lauderdale	1/23/73	Consolidated into <u>Los Angeles-Miami Case, D-24694</u>	Awaiting date for oral argument
D-25117	1/16/73	Great Falls-Los Angeles/San Francisco		No action yet taken	

<u>Docket #</u>	<u>Date Filed</u>	<u>Route Applied For</u>	<u>Date of Hearing</u>	<u>CAB Action</u>	<u>Date of Decision</u>
D-25582	5/31/73	Las Vegas- Albuquerque; Albuquerque- Dallas/Ft. Worth (Ashbacker Doctrine)		No action yet taken	
D-25776	10/6/73	San Francisco/ Los Angeles- La Paz/ Mazatlan/ Puerto Vallarta/ Guadalajara/ Manzanillo/Zihuatanejo/ Mexico City/Acapulco		No action yet taken	
D-25977	10/12/73	Los Angeles/San Francisco/San Diego/Phoenix/Las Vegas/Portland/Seattle/Tacoma/Denver/Minneapolis/St. Paul-Dublin/London/Oslo/Stockholm/Copenhagen/Amsterdam/Brussels/Paris/Frankfurt/Munich/Geneva/Zurich/Lisbon/Madrid/Milan/Rome/Athens/Cairo/Tel Aviv	6/4/74 6/11/74 12/9/74	Consolidated into <u>Trans-atlantic Route Proceeding, D-25908</u>	Awaiting recommended decision by Administrative Law Judge
D-26031	10/23/73	Salt Lake City-Chicago/ Washington/ Baltimore/New York/Newark; and Phoenix-Tucson/San Antonio/Houston (Ashbacker Doctrine)		No action yet taken	

<u>Docket #</u>	<u>Date Filed</u>	<u>Route Applied For</u>	<u>Date of Hearing</u>	<u>CAB Action</u>	<u>Date of Decision</u>
D-26702	5/13/74	Los Angeles/ San Francisco/ Las Vegas- Calgary/ Edmonton	No date set	Consolidated with Las Vegas-Calgary/ Edmonton Route Proceeding, D-27185. No action taken on Los Angeles/ San Francisco- Alberta Portion	
D-26703	5/13/74	Honolulu- Vancouver	No date set	Consolidated with Honolulu- Vancouver Route Pro- ceeding, D-27153	
D-27123	10/29/74	Consolidation & Realignment of Routes 19, 28, 35, 63, and 139		No action yet taken	
D-27104	10/17/74	Portland/ Seattle-Ketchikan- Juneau/Fairbanks (transfer from PAA)	12/10/74		Pending

23. Are there routes which you would consider entering if CAB approval for entering were not required? Which? Describe your reasons for considering entry to the extent you wish to do so. Does the CAB's entry policy inhibit your flying new routes? If so, describe how?

At the present time, Western is an applicant for both domestic and international routes. Our decision to file for these routes was governed solely by what we felt made economic sense given our route structure and capital base. Not knowing what other carriers might do if Western would decide to enter a market without need for C. A. B. approval, we have never given consideration to such a question. The C. A. B. 's entry policy is based upon regulated competition under the standards of the Federal Aviation Act. It is Western's feeling that these standards are sound.

24. Would you charge lower fares than those now being charged on any route if you were free to enter and to set lower fares?

We would not charge lower fares than those now being charged, except for promotional fares in selective cases, until such time as Western has reached and sustained a satisfactory balance between its costs and its revenues -- particularly in view of the fact that the former are, and have been, rising at a more rapid rate than the latter.

25. Are you involved in any route purchase or exchange proceedings? Which routes? Involving which carriers? How much would you be willing to pay for each of such routes? Would fares be sufficient to cover purchase costs? In your view, should such purchases or exchanges be allowed without full comparative hearings?

Western is involved in one route purchase and no route exchange. Hearings have just been concluded on our route purchase before a C. A. B. Administrative Law Judge. In this proceeding Pan American and Western are asking for C. A. B. approval of an agreement whereby Western is purchasing Pan American's route from Seattle-Tacoma and Portland to Fairbanks, Alaska, for \$400,000. Western projects a profit from its first year of operations on this route. Our view is that comparative hearings are unnecessary under the circumstances of this particular route purchase.

26. If you have excess capacity, can the extra planes be leased or sold elsewhere? At a loss?

Western has carefully tailored its schedules to meet the traffic requirements of the communities it serves without providing excess capacity. For the first 11 months of 1974, Western's system average passenger load factor was 60.8%; for calendar 1973, it was 57.9%, and for calendar 1972, it was 58.2%.

27. Identify any routes which are certificated to you but on which service has been suspended. Do you have any present intention to resume service? When? Why were these services discontinued? Should other airlines be given the option of flying these routes?

Western's service has been suspended at the following certificated points: Sheridan, Wyoming - Western requested temporary suspension of its service at Sheridan on Route 35 from Rapid City, South Dakota, because of insufficient traffic over this segment. The Board granted the suspension, effective April 1, 1955, in Order E-8953. In Docket 27123, filed October 29, 1974, Western has requested that this suspension be terminated. Western does not know if the suspension will be lifted by the Board or when service could thereafter be resumed. West Yellowstone, Montana - Western was authorized in Order E-22665, Sept. 15, 1965, to suspend service at West Yellowstone on Route 19 from September to June of each annual period. Western requested suspension during the winter months because traffic

at this point is generated almost exclusively by Yellowstone National Park which is closed during the winter. Moreover, West Yellowstone's airport is not equipped to handle flights during this period. In view of lack of traffic and of the airport's incapability for winter operations, Western has no immediate intention to operate on a year-round basis. Long Beach, California - Because of insufficient traffic and strong community opposition to continued operations by Western, or other carriers, Western requested and was granted authority to suspend service at Long Beach on Route 63 for a period of three years in Order 73-9-72, effective Sept. 18, 1973. Under the circumstances that necessitated suspension, Western has been unable to formulate any plans for resuming service at Long Beach. Juneau and Ketchikan, Alaska - By Order 71-12-45, effective February 7, 1972, Western was involuntarily suspended on Route 139 at Juneau and Ketchikan for a period of 7 years, thereby depriving these communities of competitive air service over the Anchorage-Juneau-Ketchikan-Seattle route. Western's suspension expires on February 7, 1979 and Western would reinstate its services on that date or before if permitted to do so by the Board.

28. List your fuel costs, in absolute terms, and as a percentage of your total costs, for 1972, 1973, 1974 and projected for 1975. What has been the increase in cost per gallon during this period?

Year	Fuel			Memo Oper Exp (000's)	Fuel As % of Oper Exp
	Gallons	Cost (000's)	Cost Per Gallon		
1972	318,077	\$40,137	12.6¢	\$342,056	11.7%
1973	335,776	44,510	13.3¢	374,594	11.9%
1974 - Est.	307,800	72,700	23.6¢	----	16.2%
1975 - Est.	307,000	84,425	27.5¢	----	17.7%

29. If you now serve the North Atlantic, provide the details of your costs, revenues and profits for any such service for the years from 1970 through the present. What course of action will you follow if the government provides no relief in the form of subsidy or otherwise to alleviate current losses over these routes? If you do not now provide North Atlantic service, would you do so if entry were not regulated?

Not applicable. Western has no route authority over the North Atlantic.

30. Compare your costs in the North Atlantic market with those on San Francisco/New York and New York/Los Angeles routes. Explain the difference.

Not applicable. See question No. 29.



31. If the CAB certificated a number of new trunk carriers over dense traffic routes, what effect would such certification have on the industry? On your company?

While Western is accustomed to competing with larger carriers over most of its major routes, it has remained successful through major efforts in establishing and maintaining market identity and good service. If the C. A. B. were to certificate "a number of new trunk carriers over dense traffic routes" it is not at all clear that Western would have the economic strength to maintain its position in all of those markets it now relies upon to keep it profitable.

32. What would the effect of a "permissive" entry policy be upon the behavior of carriers in the industry?

The answer to this is not forthcoming since "permissive" entry is not defined and the behavior of carriers in the industry is pure speculation.

33. If you serve markets entirely within California or entirely within Texas, have your flights within those states been profitable? Have they been profitable on a fully allocated cost basis? On a DOC basis (per CAB)? On an incremental cost basis? What do you include in incremental costs? Have you met the fares charged by PSA and SWA?

Western serves markets entirely within California, but many of these markets are served by flights which originate and/or terminate at cities outside California. Most flights between California cities carry both interstate and intrastate passengers, and fares for the intrastate passengers are subject to regulation by the California Public Utilities Commission. In those markets within California where Western competes with PSA or Air California, Western has met the intrastate fares charged by PSA or Air California. The level of PSA's fares has also been a determining factor in the establishing of fare levels between other California cities served by Western (but not also served by PSA or Air California) since the California Public Utilities Commission generally considers PSA to be the rate setting carrier in California.

Data submitted to support applications made to the California Public Utilities Commission for intrastate fare increases indicate that Western's flights between cities within California have not been profitable on a fully allocated cost basis. Revenues from these flights have covered DOC (Direct Aircraft Operating Costs), but these costs represent less than one-half of the fully allocated costs. Revenues from these flights have also exceeded their incremental costs (where incremental costs are defined as variable or added costs).

34. How do you decide how much capacity to offer in a market? What frequency of service to offer? Which markets to promote heavily? Who makes these decisions?

We study the existing traffic flow, and assess the potential for future development. We provide capacity sufficient to accommodate present demand and allow for a reasonable level of future growth. The question of capacity and frequency in individual markets is a constant and continuing study of the efficient management of Western Airlines. All markets, segments, routes, and regions are being constantly examined to determine if the capacity and frequency being offered both serves the traveling public and maintains Western Airlines as a profitable corporation. Excessive capacity and excessive frequency makes unprofitable flights; while insufficient capacity or insufficient frequency creates customer ill will, which results in loss of traffic.

Our foremost concern is to provide a frequency of service that will meet the community's needs, consistent with good judgment in our overall schedule pattern, and an efficient and economical operation. We monitor this frequency periodically to ensure that we are providing an adequate number of seats to properly meet the community's requirements and provide for reasonable growth. Extensive records are maintained of segments and markets showing the seat miles produced and the seat miles sold so that seasonal fluctuation, as well as market trends, can be followed. Expenses and revenue are monitored to determine where inefficiencies in our operation may be occurring. Fleet and crew utilization is monitored to determine that the highest possible degree of efficiency be maintained.

We promote most heavily those markets which we believe offer the greatest potential for growth, and which we believe will be the most responsive to market development.

All divisions of the corporation are involved in varying degrees with the question of capacity and frequency. Manpower, not only in crews, but also ground service and maintenance, are affected by capacity and frequency. Advance planning is necessary in order that trained personnel is available when and where needed, but also to prevent excessive training and payroll costs for unnecessary or unproductive manpower.

Since these decisions affect the total health of the corporation, the authority and responsibility rests with senior management of the corporation and require the cooperative support by all the divisions they represent.

35. How many different classifications of inflight service do you provide? (How many different sorts of, e.g., first class service? How many different sorts of economy service, etc.?)

First Class - Islander Service to Hawaii  
Fiesta Service to Mexico  
Royal Canadian to Vancouver

Coach Class - Islander Service to Hawaii  
Fiesta Service to Mexico  
Royal Canadian Service to Vancouver  
\*Champagne flights on every segment

Economy Service - to Hawaii

36. How do you decide on which routes and which flights to offer a particular classification of inflight service? Who makes these decisions?

The time of day determines whether a meal service should be considered. Then the period of time allowed inflight determines which type of service would be feasible. Historical files are then checked on the service offered by our competition.

The final recommendation for service is then made by Inflight Service to the Marketing Staff.

37. Could you operate as efficiently as you do now if your airline were twice its present size? Half its present size?

- a. With respect to fleet size?
- b. With respect to RPM's
- c. With respect to passengers enplaned?

To assume that Western were twice its present size or one half its present size would also require the assumption that the present route system would be changed accordingly. With these assumptions and Western's present management policies, it must then be assumed that operations could be conducted as efficiently as now.

38. In what ways and to what extent do a) CAB reporting requirements, b) CAB ticketing requirements, c) other CAB requirements impose costs on your operations? (e.g., preventing simplified passenger handling or accounting procedures)?

Airlines must maintain their records in accordance with the Uniform System of Accounts and Reports for Certificated Air Carriers promulgated by the Civil Aeronautics Board and must submit periodic financial reports to the Board on prescribed forms making up the CAB Form 41. Should the airlines not be required to so account and report, costs would not be reduced significantly. There is no major conflict

between accounting and reporting for C. A. B. purposes and reporting to the Securities and Exchange Commission and to the public. In short, the prescribed Uniform System of Accounts and Reports conforms with generally accepted accounting principles.

The ticketing practices of the airlines had their origin prior to the beginning of the Civil Aeronautics Board. These practices have been developed jointly with other carriers and for the most part the C. A. B. imposes no ticketing requirements that are burdensome.

39. Which CAB practices or procedures do you believe to be the most burdensome or least efficient? What recommendations for changes would you make?

What is most burdensome and least efficient, although necessary, is the regulatory process itself when it is applied to such highly technical matters as accounting and reporting. This regulatory process encompasses public and private agencies other than the C. A. B., such as the SEC and the Financial Accounting Standards Board. The problems facing these agencies are complex and tax the capacity of the C. A. B. staff and of the accountants of the industry. The C. A. B. should establish some general policies directing the further evolution of accounting and reporting by the airlines as opposed to the present case-by-case approach. For instance, there are now before the industry proposals or recommendations by the C. A. B. and the C. A. B. staff to:

- Revamp the entire expense accounting portion of the C. A. B. manual in order to refine product line costing. The proposal has many unanswered questions, one of which is whether or not the C. A. B. wants to or is entitled to prescribe generally accepted bases of allocations.

- Require reporting of passenger revenue by airline flights, markets, fare categories, etc., to such detail that the staff may be tempted to preempt management's prerogative to schedule aircraft within markets and may permit the massing at one point proprietary information of each airline that could be damaging if leaked to competitors.

- Require the reporting of payroll and work force data which is not collected by many of the airlines' accounting systems and which appear to be beyond the usefulness of the C. A. B. in its regulatory requirements.

- Proposes to require leases be capitalized on reports submitted to the C. A. B. when such capitalization cannot be used for rate-making purposes and may be in conflict with the forthcoming pronouncements of the Financial Accounting Standards Board.

In addition, the C. A. B. 's practice of regulating fares for the 48 contiguous states, Hawaii, and Alaska separately while at the same time requiring reports on the 50-state domestic entity concept is inefficient and confusing.

The Board should:

1. Establish a policy as to the purpose of reporting on CAB Form 41; whether for C. A. B. regulatory purposes or for use of other regulatory agencies, financial analysts, investors, and other members of the public.

2. Review and set a policy as to the level of detail that should be routinely reported to the Board. Other data can be supplied when requested.

3. Establish a policy, as did the Securities and Exchange Commission, that the pronouncements of the Financial Accounting Standards Board should apply generally to the airlines unless the staff can establish that for reasons peculiar to the airline industry such would not be in the public interest.

40. How much money have you spent each year for the last five years on salaries, fees (including attorneys fees) and other costs related to CAB proceedings? How much money have you spent that is in any way attributable to Congressional lobbying?

Most of Western's work in connection with regulatory proceedings before the Civil Aeronautics Board and the California Public Utilities Commission is done by attorneys and economists employed by Western Air Lines. No allocation of the salaries of such employees between regulatory proceedings work and other work is available. From time to time, Western retains outside counsel and/or experts in connection with particular proceedings before the C. A. B. or the PUC. During the last five years, Western spent a total of \$133,057 for such outside services. Western has incurred no expenses of any kind attributable to Congressional lobbying.

41. What was the total number of passengers enplaned? 1972-October 1, 1974?

Western's total number of passengers enplaned 1972-October, 1974:

Calendar 1972	7,442,493
Calendar 1973	7,907,162
January 1 - October 1, 1974	<u>6,147,588</u>
Total	21,497,243

42. What was the total number of flights scheduled to operate? 1972 - October 1, 1974?

Western's total number of flights (departures) scheduled to operate 1972 - October 1, 1974:

Calendar 1972	156,790
Calendar 1973	160,864
January 1 - October 1, 1974	<u>109,707</u>
Total	427,361

43. What was the total number of flights actually operated? 1972 - October 1, 1974?

Western's total number of flights (departures actually operated) 1972 - October 1, 1974:

	Scheduled Departures Performed	Scheduled Plus Extra Section Departures Performed
Calendar 1972	153,294	155,528
Calendar 1973	158,540	159,671
January 1 - October 1, 1974	<u>108,790</u>	<u>110,273</u>
Total	420,624	425,472

44. How many persons with the primary duty of investigation or handling consumer problems did you employ? 1972-October 1, 1974?

Nine people in 1972, 1973 and 1974. The staff has not been increased.

45. What was the total number of comments recorded? 1972-October 1, 1974?

56,349 (1972 - 16,568  
1973 - 18,774  
1974 to 1 Nov - 9,970)

46. How many of these comments were complaints?

24,881 (1972 - 5,400  
1973 - 9,511  
1974 to 1 Nov. - 9,970)

47. What was the budget for customer relations/consumer affairs activities (excluding the amount paid for claims)? 1972 - October 1, 1974?

\$208,146

( 1972 - \$64,166

1973 - \$73,980

1974 to 1 Nov. - \$70,000. These figures exclude labor).

48. What was the total amount of claims or other monetary settlement paid? 1972 - October 1, 1974?

\$3,636,277 (including baggage claims).

(1972 - \$1,119,378

1973 - \$1,109,829

1974 to 1 Nov. - \$1,407,070)

49. What percentage of the complaints received requested some form of monetary reimbursement? 1972 - October 1, 1974?

Baggage - 100%

Other - 30% (estimated)

50. What percentage of complaints were settled with some form of monetary reimbursement? 1972 - October 1, 1974?

Baggage - 100%

Other - 25% (estimated)

51. Under what circumstances will the carrier waive the tariffs in order to settle complaints from mishandled passengers?

None.

52. When a complaint is received, what measures are taken to prevent recurrences?

Restraining, study and consideration of the problem, dissemination of investigation information, disciplinary action, analysis.

53. List the two or three airline practices that are most frequently the subject of passenger complaints. Please submit your manuals or sets of instructions related to dealing with passenger complaints.

At Western Airlines:

1. Customer service
2. Food and beverages
3. Flight attendants

For manuals relating to passenger complaints, see question No. 100 (b & c).

54. How many pieces of luggage were mishandled? 1972-October 1, 1974?

109,000 baggage mishandlings

55. How many were lost? 1972-October 1, 1974?

Unknown/included in question No. 54.

56. How many were delayed? 1972-October 1, 1974.

Unknown/included in question No. 54.

57. How many were damaged? 1972-October 1, 1974.

19,690

58. How many were pilferred? 1972-October 1, 1974.

Unknown/included in question No. 54.

59. What was the total amount spent to settle claims for mishandled luggage? 1972-October 1, 1974.

\$2,815,462.

60. What was the total amount spent to pay claims for lost luggage? 1972-October 1, 1974.

\$1,485,107.37

61. What was the total amount spent to pay claims for damaged luggage? 1972-October 1, 1974.

This is included in question No. 59 which is part of Account 05810. The records do not show a breakdown of losses requested.

62. What was the total amount spent to repair damaged luggage? 1972-October 1, 1974.

This is included in question No. 59 which is part of Account 05810. The records do not show a breakdown of losses requested.

63. What was the total amount spent to pay pilferage claims? 1972-October 1, 1974.

This is included in question No. 59 which is part of Account 05810. The records do not show a breakdown of losses requested.



64. What was the total amount spent to pay claims for delayed bags?  
1972-October 1, 1974.

\$141,568.

65. What was the total cost of delivering delayed bags to passengers?  
1972-October 1, 1974.

\$592,006.

66. What percentage of the number of claims received exceeded the  
maximum liability limits specified in the tariffs? 1972-October 1, 1972.

We do not record this information.

67. How many claims were denied because the baggage or its contents  
was unacceptable? 1972-October 1, 1974.

We do not record this information.

68. What percentage of claims were paid in full? 1972-October 1, 1974.

We do not record this information.

69. What percentage of claims were denied completely? 1972-  
October 1, 1974.

We do not record this information.

70. State the carrier's policy regarding proof of ownership of passengers'  
luggage and its contents. Submit any written notice which is given to  
passengers explaining this policy prior to checking in luggage.

Claim check and ticket/do not give written explanation  
of policy to passengers.

71. List specifically carrier's criteria for the acceptability of checked  
luggage. Submit any written notice which is given to passengers explaining  
this policy prior to the checking of luggage.

Copy of Chapter 9 of Passenger Manual is attached/do not  
give written explanation of this policy. (See Appendix C)

72. What security measures are taken at airport baggage claim areas  
to prevent baggage theft?

Outside guard service is contracted for when WAL employees  
are not available. Baggage is checked only at stations and times deemed  
to be required.

73. What are the procedures for the processing of claims regarding pilferage from a passenger's checked bag?

Most pilferage claims are reported by phone. At that time, a report is completed. We then mail passenger claim forms and provide our Security Dept. all information. Upon receipt of completed forms from the passenger, further investigation is conducted if deemed appropriate by our Security Dept.

74. What is the average length of time required to settle a claim for lost or pilfered baggage?

30 days.

75. What are the procedures regarding the investigation of the validity of a claim?

If the claim appears suspect, the matter is referred to our Security Dept. who, in turn, reviews the claim with the passenger.

76. What is the procedure used by the reservations staff to confirm requests for seats during periods when the computers are down?

A summary of restrictions on all flights for the following seven days is obtained from the computer routinely each morning and used as a basis for confirming or denying reservations when the computer is down. Transactions are meshed in a normal manner when the computer is again functioning. The only exceptions relate to known high-volume segments or dates, in which case the customer is listed only and called back when the computer is again functioning.

77. What procedures are taken by the accounting staff to check the accuracy of rate computations and to refund any applicable overcharges to passengers?

The Revenue Accounting Department (Sales Audit Section) routinely audits tickets to check the accuracy of the rate computations. Quality control and statistical sampling procedures are used to measure performance of ticketing and provide feedback to the selling locations.

On tickets paid by cash and issued by WAL ticket offices, information on overcharges and undercharges is forwarded to the attention of the local supervisor for review with his staff and where possible with the passenger. The address and/or telephone number is not always available on such transactions. However, if the customer can be located, he will be given a refund in event of overcharge.

On credit card sales by WAL ticket offices, we adjust the universal credit card charge form downward to the correct amount if an overcharge has been noted -- this way the customer does not have to pay the overcharge

amount. As with cash sales a notice is sent to the local supervisor for training review with the agent that did the ticketing. The WAL error notices are reviewed by local trainers and where the type and frequency warrants, same is noted in system-wide training bulletins.

On travel agency sales, any overcharge of the fare results in the Refund Department processing a refund check to the passenger in care of the travel agency. Similarly, on an agency credit card sale, we reduce the universal credit card charge form downward to the current amount -- this way the customer does not have to pay the overcharge amount.

78. What is the average lapse of time required to process refunds on unused tickets, or to refund fare adjustments on partially used tickets?

Approximately 75% of applications for refunds on unused tickets or fare adjustments on partially used tickets are completed within a 10-day period. We encourage on-the-spot refunding in the field in those instances where tickets were paid by cash or check. Claims for refunds or credits for tickets purchased under commercial credit cards are processed to the card companies by the Refunds Section of the Revenue Accounting Department within approximately three weeks.

By means of several changes in procedure we have within the past year reduced processing time and our position is advanced from that reported in response to CAB Bureau of Enforcement November 20, 1973 inquiry to air carriers.

As concerns commercial credit card companies whose cards we accept, WAL was represented with a number of other carriers at an American Express Company Refund Seminar this year in Phoenix, Arizona, to promulgate ways and means of expediting credits. We are currently investigating a procedure with that company to forward some credits directly to them from our field offices, avoiding thereby the additional time consumed in relaying through the Revenue Accounting Department.

We are also looking at the possibility of providing magnetic tape input where feasible to commercial credit card companies whose cards we accept to expedite credits to customer accounts.

Exhibit 78 A hereto is the November 1974 Training Topic by WAL Training Systems Development Department on the subject of Ticket Refunds -- for the purpose of providing high-level customer service. (See Appendix D)

79. What percentage of passengers made arrangements for such services as car rentals or hotels through the carrier's reservations offices? What is the cost to the carrier of providing such services?

Car rentals and limited hotel bookings are handled but statistics are not available as to percentages or to the cost of offering such services.

80. What are the procedures for notifying passengers of schedule changes? Is automatic protection offered to the affected passengers on all flights which are cancelled as the result of a schedule change?

When schedule changes are entered into the computer, passengers affected are automatically protected. If the booking was made by a high-volume travel agent, he is notified by mail of changes to client's schedules and he handles direct. If the booking was made by another carrier, that carrier is notified by a teletype message generated by the computer. All other passengers are notified by telephone call.

81. What is the carrier's policy regarding the replacement of lost or stolen tickets? What is the policy regarding the refund of such a lost or stolen ticket?

Special procedures have been established on a provisional basis for the replacement of lost or stolen WAL tickets, if the passenger is without funds to purchase a replacement ticket. Refund of lost or stolen WAL tickets will not be made in less than four months from date of receipt of the application, except for tickets purchased under the Universal Air Travel Plan, whereby refund will be made after proof of purchase.

The basic policy regarding the refunding of lost tickets by WAL is covered in Rule 395 (C) of the Local and Joint Passenger Rules Tariff PR-6, CAB 142. (Attached). (See Appendix E)

82. What was the cost to the carrier during each of the past three years for the establishment, maintenance and personnel for any club or VIP lounges?

Direct costs for operation of twelve Horizon Clubs (open membership, tariff on file) during 1972, 1973 and 1974, to date follows:

1972	-	809, 137.88
1973	-	870, 337.00
1974 (9 months)	-	547, 275.00
(annualized)	-	729, 700.00

83. How many passengers were denied boarding on flights for which they had confirmed reservations or valid tickets (includes no recs) 1972 - October 1, 1974?

1972	-	18,081
1973	-	27,101
1974	-	<u>14,957</u>

Total		60,139
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84. How many of these passengers were eligible for DBC? 1972 - October 1, 1974?

1972 -	1,834
1973 -	2,486
1974 -	<u>2,336</u>

Total        6,656

85. How many of these passengers were not eligible for DBC because of equipment substitutions? 1972 - October 1, 1974?

1972 -	271
1973 -	198
1974 -	<u>310</u>

Total        779

86. Government requisition of space? 1972 - October 1, 1974?

1972 -	-0-
1973 -	-1-
1974 -	<u>-0-</u>

Total        1

87. Failure to meet check in or ticketing requirements? 1972 - October 1, 1974?

No statistics maintained.

88. Carrier was able to rebook them on a flight scheduled to arrive within two hours of original flight? 1972 - October 1, 1974?

1972 -	3,105
1973 -	4,866
1974 -	<u>3,979</u>

Total        11,950

89. What was the total amount spent to pay DBC to passengers? 1972 - October 1, 1974?

1972 -	\$123,850.60
1973 -	145,364.50
1974 -	<u>171,433.46</u>

Total        \$440,648.56

90. What percentage of passengers with conditional reservations were upgraded to first class on the original flight? 1972 - October 1, 1974?

N/A (no conditional reservations policy)

91. What percentage of passengers with conditional reservations were unable to board their original flight? 1972 - October 1, 1974?

N/A (no conditional reservations policy)

92. Does the carrier offer conditional reservations, such as "leisure class"?

No.

93. If a passenger holds a ticket with an "ok" status and the carrier has no record of the reservation, what procedure is followed in an oversale situation? How is such a passenger's boarding priority affected? Is denied boarding compensation offered?

Passenger with "ok" ticket but no record of reservation is booked if space available, or checked in if it is expected we will have space. Otherwise he is put on a priority standby list with an oversale, and paid DBC if unaccommodated.

94. Describe the procedures followed for dealing with bumping. Enclose copies of any manuals or the sets of instructions directed to employees dealing with (a) bumping procedures, (b) procedures for dealing with bumping complaints, (c) priorities set in determining whom to bump.

Answered in response to question No. 100.

95. How many complaints were received regarding schedule irregularities? 1972 - October 1, 1974?

1,861        (1972 - 328  
                 1973 - 729  
                 1974 to 1 Nov. - 804)

96. What was the cost of providing amenities to delayed passengers (food, hotels, etc.)? 1972 - October 1, 1974?

1972	-	638,623
1973	-	593,571
1974 (9 months)	-	<u>618,501</u>
Total		\$1,850,695

97. What is the procedure for getting flight status information from aircraft, to operations, to computer, to reservations and other personnel responsible for giving flight information to the public?

Flight status information is distributed as follows:

From aircraft to Operations via radio.

From Operations to Reservations and Passenger Service via computer and teletype.

From Passenger Service to terminal via digital computer and TV monitor, at major locations.

Via manually-posted flight information boards at smaller locations.

98. What is the procedure for notifying delayed passengers of availability of amenities?

Delayed passengers are advised of available amenities by the personnel handling the flights involved and arranging alternate transportation. This information is also available in published tariffs.

99. List the steps taken by your airline in the last two years to simplify tariff construction and to protect the consumer against overcharges. (Note that Consumers Union reported in a recent survey that because of tariff complexities consumers are often overcharged. What steps has your airline taken since the publication of that survey to prevent overcharges?)

Western has taken the following steps to prevent overcharges:

1. Implemented a computerized fare quotation system capable of storing and quoting fares for local and joint transportation via Western and 21 other carriers. Western's customer contact personnel have instant access to such information by means of the same agent sets which are used for reservations purposes.

2. Intensified and continued field tariff training which is conducted locally on a recurring basis by a management representative of the company's Pricing Department, for senior field personnel (who in turn conduct training for other local tariff users) and for travel agents.

3. Maintained a program for prompt advice to field personnel and travel agents of pending and approved tariff changes by teletypes and by bulletins.

4. Maintained and strengthened a unique Regional Tariff Coordinator program. There is a Regional Tariff Coordinator in each of nine major regions on Western's system who is a highly trained tariff expert and serves as the direct link, virtually on a daily basis, between the Pricing Department and the field personnel in each of the regions for the purpose of obtaining and receiving tariff interpretations, advance information, and guidance in the proper application of our tariffs.

5. Worked toward implementation of high speed ticketing machines that will be used in conjunction with the fare quotation system in order to establish a fully automated fare determination and ticketing system. This system will greatly enhance the speed and accuracy of pricing and ticketing for simple and complicated local or joint airline itineraries.

Western has taken or is presently working on the following steps to simplify tariff construction:

1. Western has been a strong supporter of current industry efforts to re-write and simplify tariff rules -- especially those relating to fare construction.

2. Western has published many specific fares which were previously constructed by rule -- thus making the application of these fares much simpler.

100. Could you please send us copies of the following documents:

a. Customer relations manuals or other reference materials used by customer relations/consumer affairs dealing with the company's reimbursement policies and claims settlement procedures, which have been in use at any period during the last five years.

Photostat of Western Airlines Passenger Manual Section 16 - Consumer Affairs Activities (copy enclosed).

b. Boarding priorities for flights that are overbooked or oversold.

Western Airlines Passenger Manual Section 13.2.3 - Oversales, Removals and Denied Boarding Compensation (copy enclosed).

c. Copies of any printed material that is given to passengers to explain any airline procedures, baggage liability, check-in procedures, time limit requirements, baggage acceptability, amenities, or any other information dealing with potential problem areas.

Copy of Form No. SP-413 - Notice of Denied Boarding Compensation.



Photostatic of back section of ticket envelope provided each passenger.

Photostatic copy of the back of ticket entitled "Conditions of contract." This appears on every ticket purchased by a passenger.

Photostatic copy of page from system timetable which appears with each printing.

d. Curriculum for training programs of reservations and ticket agents, baggage handlers, flight attendants, consumer affairs, customer relations and gate agents. Include grooming standards or appearance guidelines for male and female customer contact employees.

e. All in-house manuals and other training materials used to guide or train agents who handle small claims on a local basis.

f. Training materials used to explain tariff interpretation and use to reservations and ticket agents.

(See Appendix F)

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

Appendix C

9 BAGGAGE9.1 GENERAL RULES9.1.1 Conditions of Acceptance

- A. Generally speaking, Western Air Lines will accept for transportation as baggage, such personal property as is necessary or appropriate for the wear, use, comfort, or convenience of the passenger.
- B. A full description of acceptable and unacceptable articles is contained in applicable tariffs which govern both online and interline acceptance and handling of baggage. Tariffs will be consulted for details; the following material is intended only to highlight in brief certain general rules.
  - 1. Western has the right to examine baggage offered for transportation.
  - 2. Western has the right to refuse to accept baggage for transportation on any flight other than the one on which the passenger is being transported.
    - a. Unaccompanied baggage will not be carried at any time unless a mishandling has occurred, in which case, such baggage will be handled as an "Expedite" shipment in accordance with instructions contained in Subject 16.5 of this manual.
  - 3. Western has the right to refuse any article which can cause annoyance to passengers, or which cannot be carried in the baggage or cargo compartment of aircraft.
  - 4. Western has the right to determine whether or not any property of a passenger because of its weight, size or character shall be carried in the passenger cabin of aircraft.
  - 5. Western has the right to refuse any property for transportation if it cannot withstand ordinary handling, or its weight, size or character renders it unsuitable for transportation on the particular aircraft on which it is to be transported.

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**9.1 GENERAL RULES** (Cont'd)

**9.1.1 Condition of Acceptance** (Cont'd)

- a. If articles are presented which can be carried ONLY at owner's risk, the passenger will be advised and both portions of the baggage tag will be identified with a rubber stamp or self-adhesive tape reading:

CARRIED AT  
OWNER'S RISK

- b. When baggage in damaged condition is presented for carriage, the agent at the point of origin will tactfully call the attention of the passenger to the damage and both portions of the baggage tag will be identified with a rubber stamp or self-adhesive tape reading:

RECEIVED  
DAMAGED

NOTE: This notation, when placed on baggage at point of origin, in no way violates the Trade Practice Manual regulations which reads ".....no member shall affix a tag, stamp or notation referring to damaged condition of baggage at time of receipt at interline transfer point."

- c. "Notice of Baggage Liability Limitations" will be displayed at every check-in counter.

**9.1.2 General Rules for Checking of Baggage**

- A. Western Air Lines, upon presentation by a passenger of a valid ticket covering transportation over its own lines or over the lines of another carrier with whom Western participates in a ticketing and baggage agreement, will check acceptable personal property tendered by the passenger for transportation as baggage at a location and at the time specified by Western.

Western Air Lines will not check baggage on a routing other than that indicated on the passenger's ticket or to a point beyond the destination of such ticket.

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9. 1. GENERAL RULES (Cont'd)

9. 1.2 General Rules for Checking of Baggage (Cont'd)

EXAMPLE: A passenger whose ticket reads LAXLAS/WA requests that his baggage be checked to LAXMSP/WA. His baggage will be checked to LAS only.

EXAMPLE: A passenger whose ticket reads SEALAX/WA-LAXTUS/AA requests that his baggage be checked for transfer to TW at LAX as he intends to change his ticket from AA to TW at LAX. His baggage may be checked for transfer to TW PROVIDED a request for space on TW is initiated. Otherwise, this baggage will be checked to LAX only since his ticket does not indicate TW.

C. Baggage will not be checked beyond a point of stopover.

EXAMPLE: A passenger holds space LAX-SFO-SEA/WA with a stop-over (a deliberate interruption of a journey) at SFO. His baggage will be checked to SFO only.

NOTE: The passenger will be required to claim his baggage at SFO (in this example) and either place in a locker or recheck the baggage for the flight on which he will depart from SFO. Baggage rechecked in this manner (or any baggage checked-in in advance of departure) will be held in the baggage accumulation area for loading on the flight that will be used by the passenger.

- D. Baggage will not be checked beyond a point of transfer when the passenger is scheduled to depart from a different airport than that at which he is scheduled to arrive.
- E. Baggage for international passengers will be checked to point of stop-over or final destination rather than to the gateway city in the country of destination (except in Mexico as noted in 9. 8. 3. C. 1. b herein).
- F. "Cabin Seat Baggage" will be checked for interline carriage only to those carriers that participate in the applicable tariff rule.
- G. Baggage will be rechecked in the event an interline passenger requests and is given access to his baggage at any point short of his final destination.

9. 1.3 Storage of Baggage

- A. Western Airlines will not accept baggage for storage purposes. When storage is requested by a customer, he will be directed to public lockers or similar facilities.

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PASSENGER MANUAL9.2 FREE BAGGAGE ALLOWANCES9.2.1 General Information

- A. Depending upon the geographical scope of his journey, a passenger is entitled to carry with him as baggage, without charge, a certain amount of baggage. Applicable tariffs will be consulted for a detailed explanation of allowances.
- B. In addition to the free allowance as defined in tariffs, each passenger may carry, without additional charges, the following articles of baggage when retained in the passenger's custody.
1. Lady's handbag or pocketbook.
  2. An overcoat or wrap.
  3. A foot rug.
  4. An umbrella or walking stick.
  5. A camera and a pair of binoculars.
  6. A reasonable amount of reading matter for the flight.
  7. An infant's food for consumption enroute.
  8. A collapsible wheel chair or collapsible walker on the same flight when accompanied by a passenger dependent upon such appliance. (Any mechanical device will be stowed in the baggage pit to be readily accessible at the destination station.)
  9. Household bird in suitable container.

9.2.2 Pooling of Baggage

- A. Where two or more passengers traveling together to the same destination by the same flight present themselves and their baggage at the same time and place, they shall be permitted a total free baggage allowance equal to the combination of their individual free baggage allowances.
- B. Where the amount of such "pooled" baggage is in excess of the combined free baggage allowances, excess charges will be collected.

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9.2 FREE BAGGAGE ALLOWANCES (Cont'd)

9.2.3 Counter Air Freight

- A. Where baggage exceeds the standard free allowance, the Counter Air Freight procedures described in Section 9.12 of this manual may be used, or the baggage may be forwarded by normal Air Express or Air Freight procedures described in the Cargo Manual.

9.2.4 Military Traffic Free Baggage Allowances

- A. The free baggage allowance for Military Traffic is described in the current Local and Joint Passenger Tariff for Military Traffic. This tariff also contains the definition of "Military Traffic."

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9.3 EXCESS BAGGAGE

9.3.1 Definition and Policy

- A. The term "excess baggage" is applicable to baggage when the size, weight, or number of pieces exceeds the normal "free" baggage allowance applicable to the transportation paid for by a passenger.
- B. Tariffs require that passengers be charged at current published rates for transportation of excess baggage. Transportation of excess baggage is an important source of revenue to Western Air Lines - - - and to the Industry - - - and collection of applicable charges will be required in every instance.
- C. So that passengers will receive standard application of tariff rules from all carriers, Industry rules provide a sizeable fine for non-compliance with tariff rules governing collection of proper charges.
- D. In the event a passenger protests payment of excess baggage charges, it will be explained that Tariff rules make collection mandatory.

9.3.2 Applicable Charges

- A. Tariff regulations governing the carriage of baggage are not standard for all carriers and the applicable tariff rules will be consulted when a passenger's journey includes space over the routes of another carrier.
- B. Where passengers present baggage for domestic travel, which is in excess of the number of pieces, or the size of pieces, allowed by Rule 355 of Passenger Rules Tariff No. PR-6, the excess rates listed below will apply:

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9.3. EXCESS BAGGAGE (Cont'd)

9.3.2 Applicable Charges (Cont'd)

Where the applicable adult one-way Jet Coach fare is:	Charge for each additional or oversize piece of baggage will be:
\$ 25.00 or under	\$ 4.00
\$ 25.01 - \$ 50.00	\$ 5.00
\$ 50.01 - \$120.00	\$ 6.00
\$120.00 - \$200.00	\$ 7.00
Over \$200.00	\$ 8.00

C. Charges will be based on the fare to the point of stopover (deliberate interruption of a journey) or to destination, whichever occurs first.

1. When a passenger presents additional or oversize pieces of baggage, an excess Baggage Ticket will be issued in accordance with Section 1.3.6 of the Ticketing Manual and the applicable charges collected.

9.3.3 Sporting Goods Exceptions

- A. Snow skis and boots, and water skis will be carried at no charge regardless of the amount of other baggage a passenger may be checking.
- B. With one medium-sized bag a passenger may carry one of the following items in lieu of the larger bag, at no charge regardless of size or weight of the item. Type of equipment:

Bowling  
Golfing  
Fishing  
Shooting pistols, rifles, shotguns  
Scuba equipment

- C. When the passenger is carrying two or more bags, the items listed in B above will be carried at the normal excess baggage rate.
- D. Surfboards and bicycles, will be carried at the normal excess baggage charge, regardless of the number of bags being checked.



WESTERN AIR LINES, INC.  
PASSENGER MANUAL9 BAGGAGE9.4 EXCESS VALUATION9.4.1 Limitation of Liability

- A. Liability for the loss of, damage to, or delay in the delivery of any personal property, including baggage (whether or not such property has been checked or otherwise delivered into the custody of Western Air Lines) is limited to an amount equal to the value of such property or to \$500.00, whichever is less, when transportation is entirely over the routes of Western Air Lines.
- B. Liability will be limited to a lesser maximum when transportation is over the routes of both Western Air Lines and another carrier when such other carrier has published a lesser limitation and it cannot be determined which carrier is responsible for the loss, damage, or delay.
- C. Baggage checked on an international itinerary, regardless of whether or not the segment at hand is purely domestic, is covered under the liability provisions of the International Tariff and the Warsaw Convention. The liability limit is \$20.00 per kilogram (\$9.07 per pound) for checked baggage and \$400.00 per passenger for unchecked baggage.
- 1. The pieces and weight of checked and unchecked baggage must be entered on the flight coupon in order to establish this liability. Failure to do so voids the afore stated liability ceilings.

9.4.2 Valuation in Excess of Limitations

- A. When a passenger places upon his personal property or baggage a valuation which is in excess of the limitations described in Section 9.4.1, Western will accept such baggage for transportation provided:
1. Valuation does not exceed \$5,000 per passenger, and
  2. Passenger pays an additional charge at the rate of 10 cents (15 cents for international) for each \$100.00, or fraction thereof, which is over and above the applicable limitation.
- B. Where excess valuation has been declared and paid for, liability will not exceed the higher declared valuation.

9.4.3 Special Handling RequiredA. Acceptability

1. Where the passenger wishes to declare excess valuation, he will be asked to describe the contents of the baggage presented.

WESTERN AIR LINES, INC.  
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9.4 EXCESS VALUATION (Cont'd)

9.4.3 Special Handling Required (Cont'd)

2. When contents described include fragile or perishable articles or articles not suitable (or not suitably packed) for transportation in aircraft, the passenger will be advised that Western will not be liable for such property and excess valuation is of no use. (Tariff PR-6 Rules 365/370).

B. Checking Baggage Online on Which Excess Valuation is Declared

1. Special Tag, Form SP-251, will be used in lieu of a pre-printed destination tag in order to better identify the baggage upon which an excess valuation has been placed. Passenger will be advised to claim from a WA Supervisor at the regular Baggage Claim area.
2. Baggage upon which excess valuation has been declared will not be loaded in jet baggage containers. This restriction is necessary to prevent such baggage from reaching the normal claiming area without Supervisory control.
3. In all instances, a message containing the following details will be transmitted to a Supervisor at the destination city.
  - a. Arrival flight.
  - b. A description of the baggage or other property.
  - c. The baggage tag number.
  - d. The amount of the excess valuation declared.
  - e. The name of the passenger, and
  - f. A notation, where required, that the passenger has been advised of limitations or that the passenger declined to describe baggage contents.

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PASSENGER MANUAL9.4 EXCESS VALUATION (Cont'd)9.4.3 Special Handling Required (Cont'd)

NOTE: Where flight time is short, a telephone call will be made (on Company-leased lines, where available) but will be followed-up by the teletype message described.

4. Cardboard boxes, cloth display cards and articles normally marked "Carrier at Owner's Risk" or "Damaged When Received", will not be accepted as suitable containers for excess valuation.

C. Handling at Destination City

1. Upon advice from the boarding city, the Ramp Senior CSR at the destination city must arrange for special handling of the baggage from plane to passenger, which handling will assure that Claim Checks are lifted.

NOTE: Where declared valuation exceeds \$999.00 (U.S.), the Supervisor will personally accompany baggage, or property, to and from aircraft at origin or destination.

2. The Claim Check must be lifted at time of delivery of baggage to the passenger.
3. Where a flight is interrupted enroute or lands at an alternate field, the destination city Supervisor will notify supervisory personnel at such other location of details so that proper handling may be given the shipment in accordance with above procedures.

D. Checking Baggage Interline on Which Excess Valuation is Declared

1. Use a Standard Interline Baggage Tag, Form SP-48.
2. Do not notify the connection station nor identify the bag as having excess value declared.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9 BAGGAGE9.5 CARRY-ON BAGGAGE, CABIN BAGGAGE, CABIN CARGO9.5.1 General Policy

- A. The following policy will govern the carriage of personal items including baggage in the cabin of any aircraft. This policy is based upon safety, concern for the passengers' personal property, and concern for the comfort of all passengers.
- B. Certain items of personal property, because of their fragile nature or their monetary value are not suited for transportation in cargo pits and must necessarily be carried in the passenger cabin. When this method of transportation is deemed necessary, the rules described in 9.5.2 will be observed.
- C. For purposes of this Chapter, the following definitions are provided:
  - 1. Carry-on Baggage are those items carried on board by the passenger and stowed beneath a cabin seat, or in the overhead stowage compartment in aircraft with wide-bodied interiors.
  - 2. Cabin Baggage covers those items that are accompanied by a passenger which can be carried in the cabin, but are too large to be stowed beneath a seat and for which cabin seats are reserved and paid for.
  - 3. Cabin Cargo covers those items that Western elects to load in the passenger cabin.
- D. Western Air Lines will determine whether or not property of a passenger because of its weight, size or character, shall be carried in the passenger cabin of the aircraft. This refers to baggage either tendered to be checked in a normal manner or requested by the passenger to be carried in the cabin.

9.5.2 Rules and LimitationsA. Carry-on Baggage

- 1. Carry-on baggage cannot exceed 45 inches in maximum dimension (length-plus-width-plus-height, e.g., 23 x 13 x 9).

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9.5 CARRY-ON BAGGAGE, CABIN BAGGAGE, CABIN CARGO (Cont'd)

9.5.2 Rules and Limitations (Cont'd)

2. Carry-on baggage, other than articles placed in the overhead rack must be stowed beneath a seat during take-off and landing but may be removed and opened during flight.
3. No articles other than hats, coats, type 20 soft vinyl or plastic bags (containing no more than 2 suits), pillows or blankets may be carried in the overhead rack. Articles other than the above will be at the discretion of the ~~stewardess~~ *Flight Attendant*.
4. Carry-on baggage which must be carried beneath the cabin seat may include, but not necessarily limited to, items such as briefcases, ladies' make-up kits, infant supply bags, sample cases and small medium-sized musical instruments in the protective case. *Guitars?*
5. Aircraft with wide-bodied (space jet) interiors contain enclosed overhead stowage compartments which can stow other carry-on articles. The weight of such articles cannot exceed the limitations of useable load as stated on a placard inside each compartment.
6. Because of possible interference within the navigation and communication systems of the aircraft, passengers will not be permitted to operate electronic devices on board commercial airline planes with the exception of:
  - a. Portable voice recorders.
  - b. Hearing aids.
  - c. Heart pacemakers.
  - d. Electric shavers.
  - e. Any device the pilot has determined will not cause interference.

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PASSENGER MANUAL9.5 CARRY-ON BAGGAGE, CABIN BAGGAGE, CABIN CARGO (Cont'd)9.5.2 Rules and Limitations (Cont'd)

- B. Cabin Baggage - Cabin baggage may be loaded in the passenger cabin into a seat which is forward of the most forward seated passenger, either First or Coach compartment, subject to the following restrictions.
1. Cabin baggage must be securely fastened to the seat by use of the seat belt or other tie-down equipment.
  2. Cabin baggage must not be loaded so as to restrict a passenger's access to the aisle, block an emergency exit, or restrict access to safety equipment.
  3. Whenever possible, the passenger should occupy the seat next to his cabin baggage.
  4. Any seat used for baggage carried into the cabin at the passenger's request shall be charged for in accordance with Rule 340 of Passenger Rules Tariff No. PR-6.
  5. The baggage will be carried into the cabin and loaded in the seat by a Western CSR. At terminating stations, a Western CSR will unload the cabin baggage and deliver it to the customer at the cabin entrance.
  6. Seats reserved for cabin baggage will be included in both the passenger total and breakdown on the PLM.
- C. Cabin Cargo
1. On very rare occasions it may be necessary to load the baggage<sup>1</sup> of a very late passenger in the passenger cabin. If such piece of baggage cannot be loaded in a seat in the cabin directly behind the bulkhead and forward of the most forward seated passenger, it will not be carried. The seats in question are defined as those directly behind any bulkhead in the passenger cabin, (i.e., on a 707 the seats in rows 1 (A & C), 3 (D & F) and 7 (ABC DEF) would qualify.) All cabin cargo loaded in this manner must be loaded in the cargo pit at the first intermediate stop.

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9.5 CARRY-ON BAGGAGE, CABIN BAGGAGE, CABIN CARGO (Cont'd)

9.5.2 Rules and Limitations (Cont'd)

2. Any baggage carried in the passenger cabin must be securely fastened by use of the seat belt through the handle and must not block any emergency exit or access to safety equipment.
3. Baggage accepted in this manner is subject to the same tariff and company regulations concerning acceptance of baggage that applies to baggage checked in the normal manner.

D. Specific Items Requiring Special Attention

1. Infant Bassinets may be carried in the cabin only when an additional seat is reserved and an additional ticket purchased for the child, provided the size and shape of the bassinet will permit its being properly secured by the seat belt. Bassinets are restricted to the seats directly behind any bulkhead the same as cabin baggage.
2. Bass Viols and Cellos <sup>Guitars</sup> will be accepted for carriage if arrangements have been made in advance and subject to the following conditions:
  - a. The article must be seated in the passenger cabin as outlined in paragraph 9.5.2 "B" (cabin baggage).
  - b. If it is to be checked as baggage or counter air freight, the instrument must be in a hard protective case, capable of withstanding normal cargo handling. Western will determine whether or not the case meets these requirements.
  - c. The charge for the instrument if carried in the passenger cabin will be 50% of the applicable one-way fare to the airport of destination or stop-over. Air freight rates will apply if carried as counter air freight, or the item may be checked as baggage if it does not exceed the free baggage dimensions. If the allowed dimensions are exceeded, then the applicable excess baggage rates must be charged.
3. Light Weight Garmet Bags, described as "Type 20" and referred to in 9.5.2. A 3., will not be checked for carriage in the pits because of their fragile nature. Such bags will always be carried in the passenger cabin.

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9 BAGGAGE

9.6 ARTICLES UNACCEPTABLE OR REQUIRING ADVANCE ARRANGEMENTS

9.6.1 General Information

- A. Certain articles such as explosives, gases, corrosive liquids, radio-active materials, etc., are restricted from carriage on aircraft whether carried as baggage or otherwise. A complete list of these items is published in the Official Air Transport Restricted Articles Tariff, No. 6-3, issued by Agent B. H. Smith. Local Air Freight offices maintain a copy of this tariff.
- B. Medicinal and toilet articles containing substances described in A. above when carried in baggage (including carry-on baggage) are restricted to 75 ounces per passenger, and each container (except an aerosol container) is restricted to 16 ounces per container.
- C. Certain articles may be accepted by advance arrangements only. The Location Manager will approve or disapprove carriage of any specific item, securing authority from qualified sources outside of the station where deemed necessary.

9.6.2 Specific Articles Requiring Advance Arrangements - Firearms, Liquids, etc.

- A. Assembled firearms or ammunition (other than unloaded sporting firearms and a small quantity of \*small arms ammunition packed in the original package of the manufacturer) will not be accepted without advance arrangements. (See Subject 6.6, Check-In of Passengers Carrying Firearms).

\*NOTE: Plastic cartridges produced by American Pamcor Company for use in tools in the utility industry are classified by the U. S. Bureau of Explosives as "small arms ammunition" and will be acceptable for carriage when in the original package of the manufacturer.

- B. Special arrangements must be made for the carriage of any articles which could cause annoyance to passengers, or articles which cannot be carried in baggage or cargo compartments.
- C. Special arrangements must be made for the carriage of any liquids or any articles not suitably packed for transportation.
  - 1. Western Air Lines shall not be liable for the losses of, or damage to, liquids or such other articles, or for the damage to other articles or property occasioned thereby, in the event such liquids or other articles are packed in baggage or otherwise transported without the knowledge of Western.
- D. Special arrangements must be made for the carriage of a collapsible wheel chair. Subject to space, one such wheel chair will be carried without charge on the same flight with an incapacitated passenger dependent upon such wheel chair.



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## 9.7 ONLINE DESTINATION/TRANSFER BAGGAGE TAG

### 9.7.1 General Description

- A. Online destination/transfer tags are printed with a specific color for each Western Air lines city for easy identification.





### 9.7.2 Procedures to Follow in Using Pre-Printed Destination/Transfer Baggage Tags





- A. Pre-printed destination/transfer tags may be used when a passenger is traveling from origin to destination on the same numbered flight OR when the passenger will transfer from one WA flight to another WA flight to reach his online destination.
- B. Collect any applicable excess charges or valuation charges.

#### Examples

1. Passenger Traveling WA  
506, LAX/MSP

2. Passenger Traveling WA  
601, SEA/SFO, WA 615,  
SFO/PSP

		AGT. 
MINNEAPOLIS / ST. PAUL		
FLIGHT <b>506</b>	TO <b>MSP</b>	
↑		
↑		
<b>12-02-68</b>		
 MINNEAPOLIS ST. PAUL		
FLTS. <b>506</b>		
<b>12-02-68</b>		

		AGT. 
PALM SPRINGS		
FLIGHT <b>615</b>	TO <b>PSP</b>	
↑		
↑		
<b>01-75-80</b>		
 PALM SPRINGS		
FLTS. <b>601 / 615</b>		
<b>01-75-80</b>		

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PASSENGER MANUAL9.7 ONLINE DESTINATION/TRANSFER BAGGAGE TAG (Cont'd)9.7.2 Procedures to Follow in Using Pre-Printed Destination/Transfer  
Baggage Tags (Cont'd)

- C. Enter flight number(s), and connection city code(s) if applicable, on strap check and enter flight number(s) on claim check with grease pencil or felt pen in large, legible numbers.
- D. Enter CSR's initials in upper right-hand corner of strap check.
- E. Enter by check mark, or brief explanation, any damage to baggage noted and call to passenger's attention.
- F. Staple claim check(s) to inside of back cover of ticket envelope.
- G. Forward checked baggage to proper flight.
- H. Normally, baggage checked for online transfer will not be loaded in jet baggage containers. It may be loaded into baggage containers where the flight will carry the passenger to final online destination.

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PASSENGER MANUAL9.8 ACCEPTING AND CHECKING BAGGAGE9.8.1 Acceptance of Baggage

- A. All baggage or personal property presented by a passenger for transportation will be examined and the passenger queried as necessary to determine whether or not:
1. The number of pieces exceeds the number and sizes allowable as free baggage;
  2. The size of any of the pieces exceeds the maximum linear dimensions allowable;
  3. The passenger will connect to another carrier whose tariffs place a limitation on weight of free baggage;
  4. The passenger is making an international or extra-territorial journey and subject, therefore, to weight limitations. (In the case of international travel, baggage weights must be entered on applicable coupon(s) of passenger's ticket); or
  5. The passenger is entitled to a different free baggage allowance through applicability of a specific tariff, e.g., certain military traffic.
- B. Baggage Weights
1. For proper loading and balance of Aircraft, the weight of all baggage on a particular flight must be determined by destination. For this purpose an average weight of 23.5 pounds per piece of baggage is used.

NOTE: On Military Group Movements or other group travel involving athletic teams, etc., baggage belonging to such group members will be weighed and actual weights used. An entry of the number of pieces and weights will be entered conspicuously on Form SP-263, - "Baggage Tally Sheet," for the information of forms workers.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)9.8.1 Acceptance of Baggage (Cont'd)

2. Although actual baggage weights are not required except as noted above, an accurate count of the number of bags to each city served by the flight will be required so that a total baggage weight and a weight to each city may be computed by multiplying by 23.5 pounds the total number of pieces and the totals by destination.
3. Baggage Tally Sheet, Form SP-268, will be used for the above-described purpose. Local Management will determine at what point within the station this form will be completed; e.g., at the baggage check-in area, at the ticket counter check-in area, at the baggage cart(s) upon which the baggage for a specific flight is being loaded, etc.

9.8.2 Registration of Firearms Being Checked to a Point Outside the United States

- A. Any person checking a sporting firearm to a point outside the United States with expectations of returning to the United States with that firearm, must register that firearm with U. S. Customs prior to departing the U.S. Unregistered firearms being brought back to the U.S. may be confiscated by U. S. Customs.
- B. Registration may be accomplished in one of the following ways:
  1. At boarding point where Customs is located have the firearm registered with Customs using the Certificate of Registration, Customs Form 4457 (3/71).
  2. Where Customs is not conveniently located but a Notary is, a notarized statement stating that the firearm was in the passenger's possession prior to leaving the U.S. may be executed and is acceptable by Customs.
  3. If No. 1 or No. 2 cannot possibly be done, if Customs is available only at an enroute stop, check the firearm so it will be offloaded at that city for registration and advise customer.

Note: When an interline connection is received from an another carrier and has baggage checked through, interrogate to determine if a firearm is involved and whether or not proper registration has been accomplished.

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PASSENGER MANUAL9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)9.8.2 Registration of Firearms Being Checked to a Point Outside the United States (Cont'd)

- C. Any of the methods of registration stated in "B" above will serve as confirmation that the firearm was in the customer's possession prior to departing the United States.

9.8.3 Checking BaggageA. General Rules

1. All baggage which is to be carried in cargo pits or baggage compartments will be tagged with a Western Air Lines' Baggage Tag. The particular form used will depend upon the nature of and status of the passenger's itinerary.
2. When baggage is tendered for checking, the CSR handling the baggage check-in will place his hand upon such baggage and ask the passenger (1) if it is his baggage; and (2) if this is all of the baggage he is checking; e. g., "Are these two pieces of baggage yours?" and "Are these two pieces all you have for checking?"
3. To facilitate handling and identification, any tag remaining on a piece of baggage at the time it is presented for checking will be removed before a new tag is attached.
4. Passenger identification is required on all checked baggage. Identification may be in the form of a name tag or industry approved ATA label and Trade Practice Policy requires three (3) initials as minimum requirement. Standby baggage must be identified (See 9.8.4, A.2).

Note: Every attempt should be made to identify all baggage, however, passengers or a flight will not be delayed for the purpose of identifying last minute baggage.

- a. Each position where baggage could be accepted for checking must have a supply of labels available for compliance.

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9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)

9.8.3 Checking Baggage (Cont'd)

Example ATA label:

Sample of ATA Baggage  
Identification Label -----

<b>AIR TRANSPORT ASSOCIATION BAGGAGE IDENTIFICATION LABEL</b>		
NAME		
ADDRESS		
CITY	STATE	ZIP

b. ATA baggage identification labels are available in  
Stationery Stores - LAXJP.

5. While presenting Claim Checks to the passenger, the CSR will advise the passenger of the number of bags checked, the number of the flight on which the bags are checked, and the destination to which they have been checked; e.g., "I have checked your two pieces of baggage to Salt Lake City on Flight 60."

B. Checking Baggage Traveling Online Only

1. Baggage of passengers holding confirmed reservations to destination on the route of the flight normally will be checked on a Baggage Tag on which the city of destination is imprinted.
2. Where the passenger will proceed on one flight from origin to destination on Western Airlines with no transfer involved, the only entry required will be the flight number and CSR's initials or number in the upper right-hand area of the strap tag.
3. Where an online transfer is required (from one WA flight to another), make entries as explained in 9.9.2.
4. One Baggage Tag will be placed on each piece of baggage presented and the passenger will receive a Claim Check for each.

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5. Where the passenger's flight on Western Airlines (even though this portion of his flight may be entirely domestic over WA from origin to destination) is part of an international itinerary, the number of pieces and total weight of his baggage will be entered on the applicable Flight Coupon of his ticket without fail. All baggage destined to or from Mexico will require this action.
6. Any excess baggage or excess valuation charges applicable will be collected and necessary tickets issued as described in Sections 9.3 and 9.4. Special handling procedures will be observed as described in these same sections.

C. Checking Baggage for Transfer to Another Carrier

1. Baggage of an interline passenger ticketed for continuous connecting passage on the lines of two or more carriers shall be checked through to final destination, or to the first stop-over point, if any, on the flight(s) requested by the passenger and indicated on his ticket, even though all requested space has not been confirmed at the time of departure from the origin station.

EXCEPTION:

- a. Baggage shall not be checked beyond the city to which any excess baggage or excess valuation charges have been collected.
- b. Baggage will not be checked for interline transfer at MEX or ACA. All baggage must be claimed by the passenger at the MEX or ACA Customs area for inspection. The passenger will be advised to recheck the baggage after clearing Customs.

→ EXCEPTION: For connection to LANICA at MEX, check baggage through to San Salvador or Managua, collecting excess as applicable.

2. Baggage which will travel interline will be checked on Form SP-48, Standard Interline Baggage Tag.
3. When a passenger checks more than one piece of baggage, a separate tag will be prepared for each piece of baggage.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)

9.8.3 Checking Baggage (Cont'd)

4. Where more than two transfers are required, a second tag will be used, and attached to the first.
5. The Standard Interline Baggage Tag will require more entries than the online tag. Details of preparation will be found in SIPP 115.10.
6. Where any portion of the passenger's itinerary involves international travel, the number of pieces and weight of such baggage will be entered on the applicable Flight Coupon of the passenger's ticket without fail.
7. Military Standby and Youth Fare Baggage will be checked interline on all trunk carriers even though space is not on a confirmed basis.

9.8.4 Standby (or Subject Load) Baggage Tag, Form SC-60

A. General Information

1. Normally, unless otherwise specifically requested by the passenger, baggage for standby passengers will be checked to destination.

NOTE: During peak travel periods OR where the volume of standby traffic is high and the number of bags being forwarded would create handling and/or storage problems for a certain location, standby procedures will be followed.

2. Western Air Lines will not accept a standby passenger's baggage for checking unless the passenger's name or initials are on the outside of such baggage.
3. Baggage to be checked on a standby basis will be tagged with the "Standby Baggage Tag", Form SC-60. This tag is used in place of the standard online destination/transfer baggage tag when:
  - a. A passenger does not hold confirmed space out of his originating point, or
  - b. A passenger is confirmed only to an enroute point (including an online connection point), desiring space from that point to his online destination.



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9.9.4 Standby (or Subject Load) Baggage Tag, Form SC-60 (Cont'd)

**B. Preparation of the Standby Baggage Tag**

1. When it is determined that the passenger is in one of the categories named in A.3 above, take the following action:
  - a. In the top two boxes on the face of the tag enter the number of the flight the passenger will use--or desires to use--and the 3-letter city code of his desired destination
  - b. If an online connection is required, enter in the second row of boxes the number of the originating flight the passenger will use--or desires to use--and the 3-letter city code of his connecting point. In the top two boxes enter the connecting flight number and the 3-letter city code of his desired destination.

Examples:

Passenger Standby For  
603 SEA/LAX

Passenger Confirmed on 560  
LAX/SLC Standby 26 SLC/PIH

STANDBY BAGGAGE	
FLIGHT	TO
603	LAX
<div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> 01-90-33 RELEASE TO FLIGHT: </div>	
<div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> 01-90-33 BAGGAGE CLAIM CHECK CHECKED TO  <div style="display: flex; align-items: center;"> <span>Los Angeles</span> </div> 01-90-33 </div>	

STANDBY BAGGAGE	
FLIGHT	TO
26	PIH
560	SLC
<div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> 01-90-41 RELEASE TO FLIGHT: </div>	
<div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> 01-90-41 BAGGAGE CLAIM CHECK CHECKED TO  <div style="display: flex; align-items: center;"> <span>Pocatello</span> </div> 01-90-41 </div>	

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9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)

9.8.4 Standby (or Subject Load) Baggage Tag, Form SC-60 (Cont'd)

- c. On the passenger's Claim Check, write out the name of the city to which you have checked the bag.
2. Remove the two bottom stubs and staple the Baggage Claim Check to the inside of the back cover of the ticket envelope. Staple the "Release to Flight" stub to the applicable flight coupon. This will alert the gate that the passenger's baggage has been checked "Standby."
3. Attach the Strap Check portion of the tag to the bag in the usual manner and route to the loading area.

C. Ramp and Loading Procedures

1. Upon delivery of baggage bearing a Standby baggage tag from the check-in location, loading personnel will place the baggage in a designated area at the gate. Do not load until advice is received from the Gate CSR.
2. Upon notification or receipt of the "Release to Flight" stub from the Gate CSR, locate the bag(s) in question and load on the flight.
3. Where a "Standby" bag has been loaded to a city other than the passenger's transfer point or destination city, a notation will be made on the Cargo Load Message (CLM) to flag the standby bag for downline CSR's. Indicate presence of the standby bag in the remarks section of the CLM as follows:

"BTM 20 INC 1 STDBY DES GTF"

D. Gate Procedures

1. When a passenger presents at the Departure Gate a ticket indicating that he is a local "Standby" - or has attached to his flight coupon a "Standby Baggage Release" stub in addition to his Claim Check--take the following action:
  - a. If space is now confirmed out of your city, enter proper flight number on the "Standby Baggage Release" stub and deliver it to the Ramp CSR so that the passenger's baggage may be loaded.
  - b. If space has not yet been confirmed out of your city, have the passenger stand-by until the final load is determined.
    - (1) If the passenger can be accommodated, complete a Boarding Pass accordingly, remove the "Release" stub and enter thereon

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)9.8.4 Standby (or Subject Load) Baggage Tag, Form SC-60 (Cont'd)

the number of the flight on which the bag is to be loaded. Deliver the "Release" stub to the Ramp CSR so that the baggage may be loaded.

- (2) If the passenger cannot be accommodated, return his baggage, removing the Strap Check from the bag and retaining the "Claim" and "Release" stubs. Make arrangements for re-checking on a later flight if the passenger so desires.
2. Where the passenger's status indicates "Standby" at a downline location, check the passenger through the Gate in the normal manner.
3. When a passenger, with baggage checked on a Standby Tag, is boarded it is the responsibility of the Boarding CSR to notify the appropriate individual(s) to assure that the passenger's baggage is boarded on the same flight.

E. Enroute Handling of Standby Baggage

1. Leave on board any baggage bearing a Standby Baggage Tag which indicates "STANDBY AT" your city. It will be removed only upon advice that the passenger is being removed.
2. When Standby Baggage stays on board, its presence must be relayed to any subsequent enroute station by notation on the CLM. This will be accomplished as shown in the example used in Paragraph C-3.
3. The CSR who handles the deplaning of a "Desiring" passenger will be responsible for seeing that Standby Baggage is removed from the flight and delivered as appropriate.
4. When baggage removed from one flight is to be put on another flight, the "Release" stub of the Standby Baggage Tag will be obtained from the passenger and the new flight number entered on it. The "Release" stub will then be delivered to the Ramp CSR so that the baggage will be identified for loading.

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9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)

9.8.5 Group (VIP) Baggage Tag - Form SP-344

A. General Information

1. The Group (VIP) Baggage Tag, Form SP-344, is printed in several colors to identify baggage for one group from baggage from another group when 2 or more groups are traveling on the same flight. The letters "VIP" on each tag identify it as requiring special handling.
2. The tag is designed for online use only and is to be used with large groups (10 or more); e.g., athletic teams, organized tours, etc. The tag may be used for smaller groups to accommodate special requests or at the discretion of the supervisor but should not be used indiscriminately when small groups are traveling together.

B. Preparation of Group Baggage Tag

1. The Group Baggage Tag provides an area on the back of the tag for entering the name the group is traveling under; e.g. UCLA band, Jefferson PTA, etc. This entry must be made on all tags regardless of whether one or more groups are on the same flight.

SEE SAMPLE GROUP BAGGAGE TAGS ON OPPOSITE PAGE

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9.8.5 Group (VIP) Baggage Tag - Form SP-344 (Cont'd)

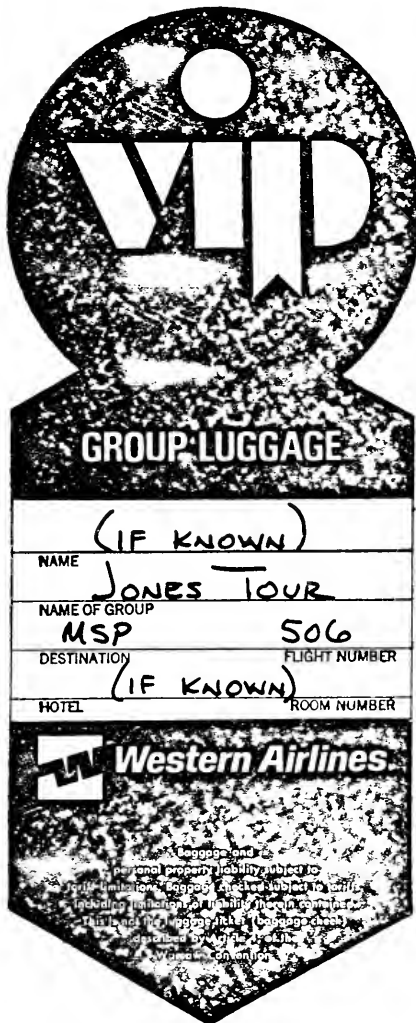
Sample Group Baggage Tags

Direct Flight

Jones Tour Traveling  
WA 506 - LAX/MSP

Online Connection

Jefferson PTA Traveling  
WA 116 - LAX/SLC  
WA 412 - SLC/RAP



**VIP**

**GROUP LUGGAGE**

(IF KNOWN)

NAME JONES TOUR

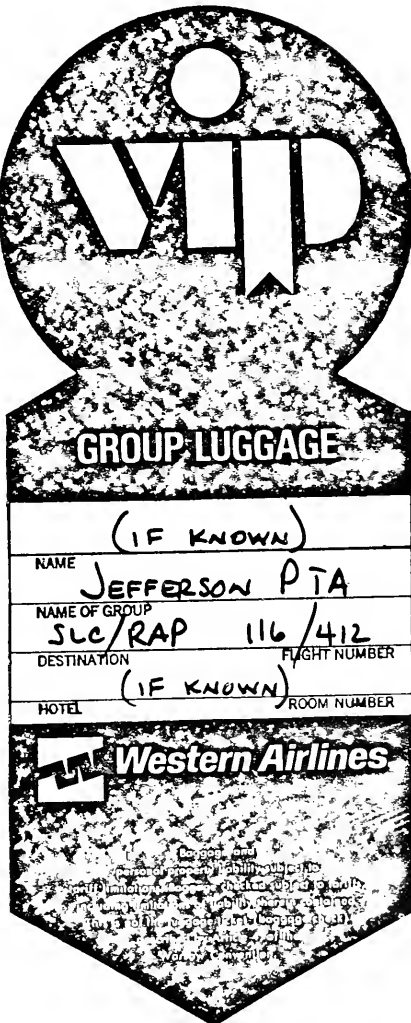
NAME OF GROUP MSP 506

DESTINATION (IF KNOWN) FLIGHT NUMBER

HOTEL (IF KNOWN) ROOM NUMBER

**Western Airlines**

Baggage and personal property liability subject to applicable limitations. Baggage is stored subject to bill of lading. Insurance is provided by Western Airlines. Baggage check is required for all baggage. Baggage is not to be used for any other purpose.



**VIP**

**GROUP LUGGAGE**

(IF KNOWN)

NAME JEFFERSON PTA

NAME OF GROUP SLC/RAP 116/412

DESTINATION (IF KNOWN) FLIGHT NUMBER

HOTEL (IF KNOWN) ROOM NUMBER

**Western Airlines**

Baggage and personal property liability subject to applicable limitations. Baggage is stored subject to bill of lading. Insurance is provided by Western Airlines. Baggage check is required for all baggage. Baggage is not to be used for any other purpose.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)9.8.6 Special Handling Baggage Tag (SP-251 REV)A. General Information

1. The Special Handling Baggage tag is printed on yellow stock with red lettering plus diagonal red lines across the front and back of the tag to assist in identifying it as a special tag. It is designed for online use only.
2. The purpose of the tag is to identify a bag upon which excess valuation has been declared and purchased.

NOTE: Descriptive terminology should never be placed on a bag or bag tag to indicated excess valuation has been purchased. The use of the Special Handling tag will serve this purpose.

B. Preparation of Special Handling Baggage Tag

1. The front of the strap check portion of the Special Handling tag will be completed in accordance with examples on the following page.
2. The reverse side of the tag contains an area for entering pertinent related instructions for handling and disposition at destination; e.g.,
  - a. Do not deliver to normal claim area;
  - b. Deliver to Supervisor; etc.

SEE SAMPLE SPECIAL HANDLING BAGGAGE TAG ON OPPOSITE PAGE

WESTERN AIR LINES, INC.  
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9.8 ACCEPTING AND CHECKING BAGGAGE (Cont'd)

9.8.6 Special Handling Baggage Tag (SP-251 REV)

Example (Special Handling Baggage Tag)

SP-251 REVISED

**WESTERN AIRLINES**

**SPECIAL HANDLING**

TO FLIGHT

FINAL DESTINATION

ORIG. FLIGHT

TRANSFER AT

36-82-52

**WESTERN AIRLINES**

36-82-52

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.9 INTERLINE BAGGAGE TRANSFER9.9.1 General Information

- A. The delivering carrier is responsible for delivering interline connecting checked baggage to the receiving carrier when connection is made at the same airport.
- B. Transfer stubs of the Standard Interline Baggage Tag will be removed by the receiving carrier and retained for a minimum of 15 days as a record of handling.
- C. Industry regulations forbid the use of any tags, stamps, or notations referring to any damaged condition of baggage at time of receipt at the interline connecting point or referring to a named carrier as being responsible for mishandling or late delivery of baggage.

9.9.2 Preparation of Standard Interline Baggage Tag, Form SP-48

- A. Baggage to be checked for an interline connection will be tagged with a Standard Interline Baggage Tag, Form SP-48.
- B. Check baggage and collect any excess or valuation charges as required.
- C. Enter flight information per examples using ball point pen in large, legible, print. Start from the bottom, finishing with the final carrier, flight number and destination at the top.

Examples - See next page.

- D. Enter CSR's initials in upper right-hand corner of strap tag.
- E. Enter by check mark or brief explanation, any damage to baggage noted and call to passenger's attention.
- F. Present Claim Check to passenger.
- G. Forward checked baggage to proper flight.



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9.9 INTERLINE BAGGAGE TRANSFER (Cont'd)

9.9.2 Preparation of Standard Interline Baggage Tag, Form SP-48  
(Cont'd)

Examples:

Passenger traveling  
WA 472 - PHX/DEN  
CO 146, DEN/MKC

Passenger traveling WA 474  
SAN/DEN; WA 56 - DEN/BIL;  
NW 109 - BIL/MSO

RS

**WESTERN AIRLINES**

FINAL DESTINATION **B**

KANSAS CITY

PCS.	AIRLINE	FLIGHT
2	CO	146

TOTAL WT.

**WA 28-40-31**

TO **DENVER**

AIRLINE	FLIGHT
WA	472

THIS IS NOT THE LUGGAGE TICKET (BAGGAGE CHECK)  
DESCRIBED BY ARTICLE 4 OF THE WARSAW CONVENTION

TO \_\_\_\_\_

AIRLINE	FLIGHT
_____	_____

INTERLINE BAGGAGE CLAIM TAG  
Baggage checked subject to tariffs, including  
limitations of liability therein contained.

EJ

**WESTERN AIRLINES**

FINAL DESTINATION **A**

MISSOULA

PCS.	AIRLINE	FLIGHT
2	NW	109

TOTAL WT.

**WA 11-90-16**

TO **BILLINGS**

AIRLINE	FLIGHT
WA	56

THIS IS NOT THE LUGGAGE TICKET (BAGGAGE CHECK)  
DESCRIBED BY ARTICLE 4 OF THE WARSAW CONVENTION

TO **DENVER**

AIRLINE	FLIGHT
WA	474

INTERLINE BAGGAGE CLAIM TAG  
Baggage checked subject to tariffs, including  
limitations of liability therein contained.

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PASSENGER MANUAL

9.10 Special Handling of Baggage Items Other Than Hand Luggage

9.10.1 General Information

- A. Certain items which qualify as baggage under tariff rules do not fit the general description of baggage (hand luggage). Such items might be cardboard cartons, wooden boxes, baskets, etc., or guns, fishing rods, golf clubs, etc.
- B. Because of their nature or appearance, these items require other than normal handling to avoid loss, theft, or delay.
- C. Sports Equipment will always be loaded on top of other baggage or cargo in order to reduce possibilities of damage.
- D. In cities where the Self-Claim system is used for disbursement of baggage, Sports Equipment or other personal belongings not in containers and of apparent value--such as bags of golf clubs, etc.--will not be delivered to the Self-Claim area.
  - 1. Passengers who check items of this sort will be advised to present Claim Checks to a Porter or a WA CSR at destination.
  - 2. At the destination city, baggage CSR's will place these items in an area adjacent to the Self-Claim area, but in an area not available to the general public. Porters or WA CSR's assigned to the Claim area will be alerted to the presence of these special-handling items.

9.10.2 Identification of Boxes, Cartons, Etc., as Baggage

- A. Where passengers present as baggage packages or cartons which could become mistaken for mail, freight, or express, a pressure-sensitive "BAGGAGE" tag (Form SP-270) will be affixed to the article to distinguish it from cargo shipments.
- B. Check-in CSR's will complete all entries on the form, including entry of the destination on the "Claim" portion before affixing the balance of the form to the article or package.
- C. Form SP-270 will serve the dual purpose of identifying and routing the article as baggage.

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9.10 Special Handling of Baggage Items Other Than Hand Luggage (Cont'd)

9.10.3 Use and Sale of Gun Boxes

- A. In the absence of an owner's protective case, Western Air Lines has available for sale "gun boxes" which offer sufficient protection to withstand extreme handling conditions. The box size is approximately 4" x 10" x 48", and has a place on top for the owner to stencil or print his name and address.
- B. The box is closed and locked by pushing the three cardboard fingers through the holes provided. Although the box is closed easily, it is difficult to open. Advise the customer that if caution is used in removing the three fingers from their inserts, the box should last indefinitely.
- C. The baggage tag is to be attached through the circular hole on the front of the box. Do not use tape of any kind to affix the bag tag. Do not use the self-adhesive baggage identification label on the boxes, as it is difficult to remove. Personnel should be familiar enough with the box to identify it as checked baggage.
- D. Western Air Lines will sell each box for \$2.50, plus applicable sales tax. (For tax rates by State, see Passenger Manual 9.11.5A). All sales are final and no provisions will be made for return or refund. All sales of boxes are to be recorded on the Special Service Ticket. (See Sample Ticket).

SAMPLE TICKET:

ISSUED BY <b>WESTERN AIR LINES, INC.</b> LOS ANGELES AIRPORT, LOS ANGELES, CALIFORNIA, U.S.A.		<b>SPECIAL SERVICE TICKET</b>		<b>AUDITOR'S COUPON</b>		017:107 :977:776	
SOLD SUBJECT TO TARIFF REGULATIONS				ACCT. DEPT. USE ONLY		VOID	
NAME OF PASSENGER <div style="font-size: 1.5em; font-family: cursive;">Mr MALLOY</div>							
DATE OF ISSUE				DATE AND PLACE OF ISSUE			
BAGGAGE: <input type="checkbox"/> EX. <input type="checkbox"/> A/F EX. PCS.                      EX. WT.							
<input type="checkbox"/> UPGRADING FROM <u>FEEL DATA</u> TO <u>FEEL DATA</u>				FORM OF PAYMENT <div style="font-size: 1.5em; font-family: cursive;">\$</div>			
<input type="checkbox"/> OTHER							
FROM <u>Gun Box</u> TO <u>DATE</u>				FORM OF PAYMENT			
NOT GOOD FOR PASSAGE      FLIGHT							
CHECKED <u>2.50</u>		TOTAL <u>2.63</u>		TICKET NUMBER <u>017 107977776 4</u>			
TAX <u>.13</u>							

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.10 Special Handling of Baggage Items Other than Hand Luggage (Cont'd)

9.10.4 Use of the Clear Plastic Ski Container

- A. Western Air Lines provides, at no cost to the customer, a clear plastic container into which a pair of skis and poles will fit. The container becomes the property of the customer.
- B. These containers come in one roll per box, 50 bags per roll, with perforation between each container for ease of removal. With each box is a supply of wire twists which serve as a closing device for the open end of the container.

9.10.5 Wig Boxes

- A. A customer's wig box, which cannot be carried onboard because it exceeds the underseat dimensions, will be checked baggage.
- B. Because of their fragile nature, wig boxes must be checked at "owner's risk". Every effort should be made to handle with care to avoid the possibility of damage.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.11 Carriage of Live Animals9.11.1 General Information

- A. Birds, dogs, and domestic cats, will be the only live animals accepted as baggage for transportation on Western Air Lines, subject to the conditions stated herein.

9.11.2 Carriage of Birds

- A. Small household birds, if confined in a suitable container capable of being stowed beneath the seat, may be carried in the passenger cabin at no charge to the passenger.
- B. Large birds in containers capable of withstanding normal baggage handling may be carried as excess baggage or air freight.

9.11.3 Dogs Trained to Lead the Blind

- A. Western Air Lines will accept for transportation, without charge, a dog trained to lead the blind, when it accompanies a passenger with impaired vision who is dependent upon such dog.
- B. The dog, properly harnessed, will be permitted to accompany the passenger into the cabin but will not be permitted to occupy a seat.

9.11.4 Carriage of Accompanied Dogs and Cats

- A. Dogs and cats will be accepted for online transportation only, under certain circumstances, as an added special service to customers. All personnel who will have contact with such possible customers will be familiar with the conditions of carriage of cats and dogs.

NOTE: Compliance with the OFFICIAL AIR CARGO TARIFF CIRCULAR NO. 1-A, containing federal and state laws, rules and regulations governing transportation of dogs and cats is mandatory. A copy of this circular is available at all Western Cargo offices.

- B. Owners of bulldogs should be advised to tranquilize them for a more comfortable flight. This breed has a high mortality rate because of their limited breathing capacity.
- C. Carriage of dogs and cats are subject to the following conditions:
1. Such animals must be confined in a cage, kennel, or container acceptable to Western.
  2. Such animals must be carried in the cargo compartment of the aircraft.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.11 Carriage of Live Animals (Cont'd)

9.11.4 Carriage of Accompanied Dogs and Cats (Cont'd)

3. When forwarded as "baggage" the animal and the container will be subject to charges for excess baggage rates, regardless of other baggage.
4. A storage charge of \$2.00 per day, or fraction of a day, will be made during the time the animal is uncalled for, such charge to commence to accrue 6 hours after arrival at destination.
5. When carried as baggage, must be accompanied by a passenger.

9.11.5 Type of Kennels

- A. In the absence of an owner's kennel, Western Air Lines has available for sale kennels of various sizes for the carriage of dogs and cats. The kennel is constructed of heavy plywood, finished in lacquer, has good ventilation, and is equipped with a chemically treated cardboard liner on the floor to absorb moisture. The door is fastened with a hasp-type lock to prevent escape and slides up and down within its own track. This is a very attractive kennel which can be used numerous times and is acceptable by most other carriers. Kennels are available for purchase in the following sizes:

<u>MODEL</u>	<u>DIMENSIONS</u>	<u>WEIGHT EMPTY</u>	<u>COST</u>
No. 1	12" x 15" x 18"	10 lbs.	\$ 15.00*
No. 2	15- $\frac{1}{2}$ " x 17" x 24"	15 lbs.	17.00*
No. 3	19" x 19" x 26"	20 lbs.	19.00*
No. 4	22" x 24" x 35"	30 lbs.	22.00*
No. 5	24" x 30" x 40"	40 lbs.	27.00*
No. 6	30" x 36" x 48"	60 lbs.	43.00*

\*Plus applicable sales tax in the states and cities (airport location only) as shown on the opposite page.

NOTE: The number 6 kennel will fit into all aircraft except the Boeing 737.

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PASSENGER MANUAL

9.11 Carriage of Live Animals (Cont'd)

9.11.5 Type of Kennels (Cont'd)

	<u>STATE</u>	<u>CITY</u>	<u>SALES TAX</u>
→	Arizona	--	4%
	California	All cities except Oakland	6½%
		Oakland	6%
	Colorado	--	6%
	Hawaii	--	4%
	Idaho	--	3%
	Minnesota	--	4%
	Nevada	--	3½%
	South Dakota	Rapid City	5½%
		Sioux Falls	5%
		Pierre	4%
	Utah	--	4½%
	Washington	--	5.3%
	Wyoming	--	3%
	British Columbia	--	5%

- B. "Tuttle Kennels" or aluminum kennels of the same type owned by the shipper may be used when inspected prior to carriage and determined to be clean and satisfactory in every way. Only transportation charges will be applicable when privately owned kennels are used.
- C. The station originating a shipment will be responsible for determining that a kennel of the desired size will be available when needed. Kennels are assigned to all stations. Supplies are maintained through ordering procedures described in the Air Freight Section of the Cargo Manual.

9.11.6 Shipment of Dogs and Cats to Hawaii

- A. Dogs and cats originating from the United States Mainland and all other countries, except Australia, New Zealand and the British Isles shall, upon arrival and prior to entry, be confined in the animal quarantine station, Honolulu, for a period of 120 days, or for such longer period as the State Veterinarian shall deem necessary. There is no waiver of quarantine for seeing eye dogs.
- B. Dogs completing quarantine may be transferred between islands only by carriers operating within the state area.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.11 CARRIAGE OF LIVE ANIMALS (Cont'd)9.11.6 Shipment of Dogs and Cats to Hawaii (Cont'd)

- C. There is only one quarantine station in the Islands and this is at Honolulu. Dogs and cats should not be boarded on direct flights to Hilo.
- D. The fees for the 120-day quarantine period are currently \$234.00 for dogs and \$192.00 for cats, plus a \$10.00 entry fee and any hospitalization or veterinarian fees that might arise during the period. Such fees should not be collected along with transportation charges because this must be a transaction between the pet owner and the State Animal Quarantine Group at HNL. Stations originating dog/cat shipments to HNL must be certain that only transportation charges are prepaid; and if the animals are handled as excess baggage, the name of the owner or accompanying passenger must be attached to the kennel.
- E. Transit or visiting dogs/cats remaining in Hawaii less than 120 days are charged \$10.00 entry fee plus \$1.95 per day for dogs, \$1.60 per day for cats. They must remain in quarantine during the entire period.
- F. The accompanying person's name and a contact such as hotel name, phone number, etc., must be attached to the kennel.

9.11.7 Shipment of Dogs and Cats to and/or From Mexico

- A. Passengers taking or shipping dogs or cats to or from Mexico should be advised of the documents required as described in 4.3.7 of this Manual.

9.11.8 Transportation Charges and Methods of Shipping

- A. When dogs or cats are carried as excess baggage, no free allowance is considered and the animal and container will be assessed at 200% of the regular excess baggage charges per piece. The passenger must accompany the animal on the same flight on which it is shipped as excess baggage.
1. On the excess baggage ticket, in the space to the left of the "Total Charges," show "Kennel \$\_\_\_\_\_, tax (sales) \_\_\_\_\_." This total collection is to be included in the total payment, and the amount collected is to be reported on the Ticket Sales Report in the regular manner. (See Ticketing Manual, subject 9.1, Sales Reporting.)



WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.11 Carriage of Live Animals (Cont'd)

9.11.8 Transportation Charges and Methods of Shipping (Cont'd)

- B. When carried as air freight, the total weight of the animal and container will determine the charges to be made. Minimum charges shown in the air freight tariff will apply. A premium (exception) rate of ~~100%~~ of the general commodity, will be charged except as follows: *110%*
1. ~~Between SEA and points in Alaska, and between points within Alaska~~  
the premium rate is 135%.
  2. Between ITO/HNL and LAX/OAK/ONT/SAN/SFO the premium rate is 100%.
  3. ~~To/From Alaska or Hawaii from other than those points named in #1 and #2 above;~~ the premium rate is *150%*. *120%*
- C. Kennels may be shipped as excess baggage, counter air freight, or air freight. Preference will be given to a kennel where the customer will travel with the animal.
- D. Reservations personnel normally handling passenger traffic primarily-- and thus not familiar with air freight rates---will refer customers to the Air Freight function at the local Western Air Lines airport station for complete details.
- E. Passengers or shippers will be advised to arrive at the airport one hour before flight time to allow sufficient time to complete check-in and details required for shipment of cats and dogs.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9. 12. Counter Airfreight Shipments

9. 12. 1 General Information

- A. As a convenience, Western Air Lines will accept from passengers at time of flight check-in at Airport Ticket Counters certain items which the passenger wishes to transport as Air Freight on the same flight.
- B. Items which the passenger wishes to forward may include baggage, hunting rifles, sample cases, dogs, cats, tool boxes, or any articles which are otherwise acceptable under tariff rules.

9. 12. 2 Limitations

- A. Counter Air Freight will be accepted only for online travel over domestic and international routes.
- B. All shipments will be handled on a PREPAID basis.
- C. Shipments valued by the passenger in an amount greater than \$1,000.00 (U.S.) will not be accepted as Counter Air Freight. Such shipments will be handled only through regular Air Freight procedures and where Air Freight is normally received, or handled as excess baggage.
- D. On international flights, any unused free baggage allowance weight cannot be used as a weight credit against a Counter Air Freight shipment for the purpose of reducing the applicable Air Freight charge.

EXAMPLE: A passenger on an international flight has two pieces of baggage, each weighing 30 pounds, and wishes to ship one bag as Air Freight. He must pay the rate applicable to 30 pounds of Air Freight.

NOTE: Where there is only one piece to be shipped, it must move either as 1) baggage, or 2) as Air Freight at the rate applicable to either classification.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.12 Counter Airfreight Shipments (Cont'd)

9.12.2 Limitations (Cont'd)

- E. If, because of size or weight of the shipment, there is any question as to whether or not the shipment can be carried on the same flight as the passenger, a check will be made. If checking reveals that space is not available, the passenger will be so advised.
1. On domestic flights, Counter Air Freight may be accepted for a later flight if agreeable to the passenger.
  2. On international flights, Counter Air Freight will not be accepted for a later flight. It is mandatory that Counter Air Freight accompany the passenger on an international flight or be processed as a regular Air Freight shipment under applicable procedures.

9.12.3 Rates

- A. Each office will prepare and maintain a Quick Reference Chart of rates to online destinations, based on current Air Freight tariffs.
- B. Remote Reservations Offices will secure Quick Reference Charts from the local WA Air Freight Office so that rates may be quoted to customers requesting Counter Air Freight information.

9.12.4 Ticketing and Accounting Procedures

A. Form of Payment

1. All shipments will be prepaid.
2. Payments will be made by cash, check, authorized credit card\*, or by GBL or GTR.

\*WAL Travelcard, American Express, BankAmericard, Mastercharge (and any Interbank card), Carte Blanche, Diners' Club, American Torch Club, First National Bank of San Jose, Select Credit, and UATP. In Mexico, Bancomer, Banc-O-Matico and Carnet.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.12 Counter Airfreight Shipments (Cont'd)9.12.4 Ticketing and Accounting Procedures (Cont'd)B. Ticketing

1. Use Form 017:107, Special Service Ticket for charges.
2. Make appropriate entries as outlined in Chapter 1, Section 1.3 of the Western Air Lines Ticketing Manual.
3. Handle accounting on daily ticket report in the same manner as other tickets.

9.12.5 Liability Limitations and Excess Valuation ChargesA. Counter Air Freight will be limited to a liability of:

1. 50 cents per pound or \$50.00, whichever is greater, for domestic routes, and
- 2. \$9.07 per pound (\$20.00 per kilogram) for international routes.

B. When a passenger places upon counter Air Freight a valuation in excess of the limitations in A. above, Western will accept such counter air freight for transportation provided:

1. Valuation does not exceed \$1000.00, and
2. Passenger pays an additional charge of 10 cents for domestic travel and 40 cents for international travel for each \$100.00, or portion thereof, which is above the applicable limitation.

C. The U. S. General Accounting Office suggests an automatic valuation of at least \$250.00 on any GTR shipment.9.12.6 Tagging Counter Air Freight Shipments

- A. Use Form SC-231 ONLY. Regular destination Baggage Tags will not be used since liability differs between articles shipped as baggage and articles shipped as Air Freight.
- B. Form SC-231 is printed in black ink on white stock and will require the following entries and handling:
  1. In the large circle enter the 3-letter city code for the destination to which the shipment is being checked.
  2. Enter flight/date.
  3. Enter total pieces and total weight.

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PASSENGER MANUAL




9.12 Counter Airfreight Shipments (Cont'd)




9.12.6 Tagging Counter Air Freight Shipments (Cont'd)

4. Where an online transfer is involved, enter the originating flight number and transfer city code at the bottom of the strap tag in areas provided and connection flight number and final destination in the top areas.
  5. Attach strap check to article by string, where possible, or utilize two pressure-sensitive Form SP-270 "Baggage Stickers" to secure the Counter Air Freight Shipment Tag, Form SC-231, to the package or box.
- C. Shipments will be delivered to normal baggage claim area.
- D. Sample, SC-231, Counter Air Freight Shipment Tags

Customer Traveling  
WA 603 LAX/DEN

Customer Traveling  
WA 64 LAX/SLC  
WA 672 SLC/DEN

AIR	FREIGHT
	
<b>Western Airlines</b>	
FLIGHT/DATE	
DEN	603/12
1-14-24	
TOTAL PIECES AND WEIGHT 1 76	
TRANSFER	FLIGHT
COUNTER AIR FREIGHT SHIP. TAG COUNTER AIR FREIGHT CLAIM CHECK	
DENVER	
	
1-14-24	

AIR	FREIGHT
	
<b>Western Airlines</b>	
FLIGHT/DATE	
DEN	672/12
1-14-25	
TOTAL PIECES AND WEIGHT 3 105	
TRANSFER	FLIGHT
SLC	64
COUNTER AIR FREIGHT SHIP. TAG COUNTER AIR FREIGHT CLAIM CHECK	
DENVER	
	
1-14-25	

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9 BAGGAGE9.13 "SPEED-PAK SERVICE (SPS)"9.13.1 General Information

- A. As a special service for our customers, Western Air Lines provides the ability for a customer to bring a shipment to a baggage check-in counter, pay the applicable tariff rate, and send the shipment to someone in another city who may pick up the shipment at the baggage claim area. (Tariff Ref. "Small Package Tariff" No. SP-6).

9.13.2 Restrictions

- A. Shipments will be restricted as to weight, size, and commodities to allow time to be carried through our baggage conveyor systems.
- B. The packages are not to exceed fifty (50) pounds, and ninety (90) inches in girth.
- C. Perishables and live animals are not acceptable.
- D. More than one package may be accepted as one shipment provided the pieces are banded together and do not exceed the limit of weight and girth.
- E. Hazardous materials listed in the Restricted Articles Tariff No. 6D, may not be accepted for Speed-Pak shipment. F.A.A. regulations require that such shipments carry Hazardous Materials warning labels, as shown in 9.13.10. Such items will be referred to the Air Freight office and may be carried as Air Freight.

9.13.3 Acceptance and Labeling

- A. The accepting CSR will insure the package contains shipper's and consignee's name and address.
- B. The "red" triangular shaped self-adhesive (SPS) label, Form SC-576, will be applied to the package and entries made for flight and destination.
- C. In cases where the shipment is very small, the item will be placed into a mesh type bag provided for this purpose. So that ramp personnel will know the flight and destination for a shipment in a mesh bag, attach a baggage tag for the appropriate destination. The claim check portion is to be destroyed, as the baggage tag is being used only for flight information and destination.
- D. Those copies of the Speed-Pak Service Ticket, Form AA-281, which must accompany the shipment should be placed in an SPS envelope, Form SC-637. When using a mesh bag, this envelope should also be used for the same purpose, leaving the protective backing intact and placed inside the mesh bag.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.13 "SPEED-PAK SERVICE (SPS)" (Cont'd)9.13.4 Rates and Liability Limitations

- A. The tariff rates are flat rates between certain city pairs, depending on distance. Charges are the same regardless of shipment weight. Each location should make a quick reference for rates and tax from its location to other WA cities.
- B. Limitation of liability for SPS shipments is the same as for domestic baggage, i.e., \$500.00 maximum per shipment.
- C. Excess valuation cannot be declared.

9.13.5 Ticketing

- A. Issue a Speed-Pak Service Ticket, Form AA 281, as outlined in Ticketing Bulletin No. 102 and Supplement to Ticketing Bulletin No. 102.

9.13.6 Reporting

- A. Special Service Tickets issued for this service will be listed in serial number sequence on the Ticket Agent's Report, Form AA-3, in the normal manner. Include auditor's coupons for tickets paid by cash with "Cash" count and auditor's coupons for tickets requiring direct billing with "Other Non-Cash" count. In the center column of the Form AA-3, and below the word "Other," create a special entry labeled "SPS" and enter the total amount of charges, not including tax. Make a separate entry for tax labeled "SPS Tax."

9.13.7 Arriving Shipments

- A. At destination city the shipment will be delivered to the baggage claim area.
- B. The consignee must identify himself as being the proper recipient of the shipment. Identification may be business card, driver's license, company badge, or a letter of authority.
- C. The delivery CSR will remove the Special Service flight coupon from the package and obtain the consignee's signature in the lower right-hand corner. This coupon will then be forwarded to Sales Audit, LAXAR, along with the Ticket Agent's Report, Form AA-3.
- D. The "SPS" mesh bag should be retained for future use and forwarded to the baggage check-in area.
- E. If consignee is not present to claim shipment, place package in regular baggage lockup area for unclaimed baggage.
- F. If package is not claimed within 24 hours, it will be forwarded to the air-freight office for customer contact and addition of storage charges.
- G. Pick-up and delivery service will not be provided.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.13 "SPEED-PAK SERVICE (SPS)" (Cont'd)

9.13.8 Weight and Balance Information

- A. The baggage makeup area CSR will convey to the weight and balance CSR the total number of pieces, weight and destination of "SPS" shipments.
- B. "SPS" shipments will be shown in the remarks section of the Cargo Load Message (CLM).

9.13.9 Authorized Use of Speed-Pak Service for Company Material

- A. There are times when a piece of company mail, or small package, is critically needed and expediting the item as fast as possible from one location to another is imperative. Under such circumstances, an officer of the company may authorize the use of Speed Pak Service. If such be the case, all the normal tariff rules apply, just as if the shipment were being made by one of our customers.
- B. When an officer does authorize the use of Speed Pak Service for company property, the appropriate department of the company will be billed for the service just like any customers availing themselves of the same service. (For clarification, an officer is any person holding the title of Assistant Vice President or higher.) In completing the Special Service Ticket, the shipper will be shown as follows:

Western Air Lines  
(Appropriate Department)  
Location



WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.13 "SPEED-PAK SERVICE (SPS)" (Cont'd)

9.13.10 Hazardous Materials Warning Labels

All restricted articles, other than items classified as ORA (other restricted article), require special labels on each package. These labels are color coded and are four inches high and four inches wide. The lettering is in bold print and is easily identifiable. The shipper is responsible for labeling a restricted article package with the appropriate label.

Some examples



WESTERN AIR LINES, INC.  
PASSENGER MANUAL9 BAGGAGE9.14 In-Bond Baggage Procedures9.14.1 Definition

- A. Checked baggage arriving from outside the United States which does not clear United States Customs at the port of arrival, but instead moves under customs supervision to another port for clearance, or moves through the country for export, is termed "In-Bond Baggage". This baggage may not be released to its owner or his agent prior to written release by Customs.

1. In-Bond baggage is identified by a red "Baggage In Bond" tag, WAL form SP-243. This form is standard among all carriers.

9.14.2 Procedure Implementation

- A. A passenger wishing to have his baggage clear Customs at some point beyond the first port of U. S. arrival, or to transit the U.S. should notify Western Air Lines at YVR, YYC, MEX, or ACA.
1. In lieu of the normal on line destination baggage tag, or interline tag, SP-243 "Baggage In Bond" tag will be used. All entries except those calling for Customs Manifest Number will be completed by the locations mentioned above.
  2. An International Cargo Manifest, WAL form SP-CF-7509 (formerly designated forms SP-240 or SP-296), will be prepared, using a separate sheet for each ultimate destination. No cargo other than In-Bond Baggage may be entered on these particular forms 7509. Head the first column "Manifest of In-Bond Baggage", then follow with the normal entries required by the form.
  3. The Cargo Load Message will carry remarks to indicate In-Bond Baggage by pieces and destination for inspection or transfer for outbound flight to a foreign destination.

9.14.3 Action by First Port of U.S. Arrival

- A. Prepare Manifest of Baggage Shipped In-Bond, Customs form 7520 and Customs form 7512-C (IBM computer control card) as required by Customs. Since Western personnel, or the owner, would not know the dutiable value of the baggage and its contents, always show "unknown" in the value column of form 7520. This entry has no effect upon normal carrier/passenger baggage liability relationship.
1. Transfer the Customs assigned 7520 "Manifest Number" to each appropriately labeled box on the Baggage In-Bond strap tag affixed to each piece of baggage.
  2. Conclude handling of the inbound SP-CF-7509 as prescribed by Customs. In any event, cross reference it to the form 7520 Manifest Number.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL

9.14 In-Bond Baggage Procedures (Cont'd)

9.14.3 Action by First Port of U. S. Arrival (Cont'd)

3. Forms 7520, 7512-C, and when applicable, SP-CF-7509 will be placed into an "Airbill Envelope", Form SC-67, and attached to the baggage. Only the Customs clearance city will be entered on SC-67.
  4. In-Bond Baggage must never be loaded in containers for transportation between two U. S. points due to potential mishandling incidental with prompt airplane to claim area delivery of containerized baggage.
  5. It is important that local arrangements be made with Customs to insure the expeditious handling and forwarding of the baggage and its paperwork. Develop a mutually agreed upon and understood "routine" to follow. Avoid procedural slow-ups which would cause the passenger and his baggage to become separated.
- B. Baggage for which no prior In-Bond arrangements have been initiated may be placed In-Bond by the Port of Entry when Customs or the passenger defers clearance to another point within the U.S.; or in the case of a passenger transiting the U.S., special handling is required for part or all of the baggage because it contains items which would be subject to special Customs restrictions or requirements, as determined at time of Customs inspection at the airport of entry.
1. In these cases, replace the normal strap tag with a Baggage In-Bond tag, exchanging claim stubs with the passenger. Prepare forms 7520 and 7512-C in the normal manner, and proceed with the onward carriage, or interline transfer, in a manner determined to be satisfactory with Customs locally.

9.14.4 Transfer of In-Bond Baggage

- A. Procedures for handling interline In-Bond Baggage are set forth in Trade Practice Manual, Appendix A, Resolution 115.30.
- B. Intraline transfer requires no special attention other than it must be free loaded, rather than containerized, and any Baggage In-Bond transfer stub applicable to the inbound flight segment should be completed, removed, and filed for two years.

9.14.5 Final Destination, if Within the U.S.

- A. Deliver the baggage to Customs at the port indicated on the red Baggage In-Bond strap tag. Remove the "Record of Disposition" portion of the tag, make appropriate entries, and obtain the Customs inspector's signature thereon. After Customs clearance, the baggage may be delivered to the passenger when properly claimed. The Record of Disposition stub must be kept on file for at least two years.

WESTERN AIR LINES, INC.  
PASSENGER MANUAL9.14 In-Bond Baggage Procedures (Cont'd)9.14.6 Final Destination, if Outside the U.S.

- A. The baggage will be transferred to the carrier which will carry it from the U. S. That carrier (which could be Western) shall complete all Customs formalities regarding the clearance and outward transportation of such baggage, as specified in the U. S. Customs regulations. The Record of Disposition stub of the red In-Bond strap tag will be executed, and signed by Customs, then retained for at least two years.

Note: When the In-Bond baggage tags are not issued to the passenger's final destination, but only to the port of Customs clearance, new regular baggage tags must be issued at that point for carriage to the passenger's final destination or next stopover point.

9.14.7 Penalties for Improper Handling

- A. Customs will assess the carrier with a penalty equaling 70% of the dutiable value of the baggage in the event of irregular delivery or loss of Baggage In-Bond.

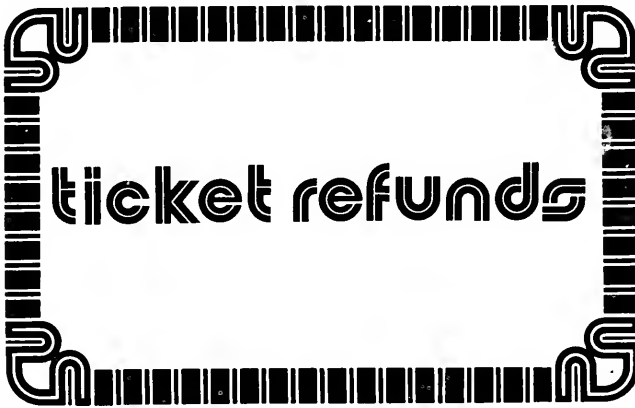


**Western Airlines**

## **Training Topic**

Training Systems Development

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**November 1974**

## INTRODUCTION

Chapter 8 of the Ticketing Manual, dealing with refunds, was recently revised. You will want to read the new refunds chapter and become familiar with its organization.

This Topic asks you to refresh your knowledge of refunds by answering questions. It covers refunds for unused and partially used tickets and computation of the refund in both voluntary and involuntary situations. Check your skill in completing the various forms used in refunding: the PRA (Passenger Refund Account) check, the Refund Application (AA-5), and the Lost Ticket Refund Application (AT-53). You will want to be sure you know when to make a local refund and when the application should be sent to Revenue Accounting.

Verify your answers with those given on the blue pages.

*Tickets are for information purposes only and are not necessarily current fares. Validations and credit card imprints are simulated.*

WESTERN AIRLINES

November 1974

## TRAINING TOPIC

## TICKET REFUNDS

October, 1974

1. Check each one of the situations below in which the customer qualifies for an involuntary refund:

- \_\_\_\_\_ a. Customer is an oversale and is being given Denied Boarding Compensation. He is canceling his trip.
- \_\_\_\_\_ b. Customer arrives in Los Angeles improperly documented for his connecting flight to Mexico and must be refused passage.
- \_\_\_\_\_ c. Customer is a standby for a flight that cancels due to a mechanical.
- \_\_\_\_\_ d. Customer appears to be intoxicated and is refused passage.
- \_\_\_\_\_ e. Customer becomes ill enroute and has to deplane short of his destination.
- \_\_\_\_\_ f. Customer was advised at origin that the weather at his destination is very poor; he decides to go anyway and is flown over his destination.
- \_\_\_\_\_ g. Customer's flight is canceled because of weather.

2. By answering "yes" or "no" in the voluntary and involuntary columns in the table below, indicate when a local refund can be made.

FORM OF PAYMENT (for ticket being refunded)	VOLUNTARY	INVOLUNTARY
Cash	_____	_____
Check (refund under \$50)	_____	_____
Check (refund over \$50)	_____	_____
Credit Card	_____	_____
Government Transportation Order	_____	_____
PTA (Cash)	_____	_____
PTA (Credit card)	_____	_____
Travel Agent (Cash)	_____	_____
Travel Agent (Credit card)	_____	_____

3. All LAX SAN flights have canceled due to weather. What is the amount of the involuntary refund due on the flight coupon #2 pictured?

[illegible]

Fares for your reference:

WAS	LAX	F	213.55	Tax	17.09	Total	230.64	
LAX	SAN	F	26.52	Tax	2.12	Total	28.64	(interstate)
LAX	SAN	F	17.31	Tax	1.39	Total	18.70	(intrastate)

Refund due

4. We now have perfect flying weather. The WAS SAN passenger from question #3 has decided to drive LAX SAN with a friend. What is the amount of the voluntary refund due on the flight coupon above?



5. A passenger requests a refund for a totally unused ticket purchased by cash for \$600.

A. Check the correct statement:

- \_\_\_\_\_ a. No approval is necessary, since the ticket was paid for by cash.  
 \_\_\_\_\_ b. You must receive approval to refund from Refunds, Revenue Accounting, LAXAR, since the amount is over \$500.  
 \_\_\_\_\_ c. Request approval only if the circumstances seem suspicious.

- B. You have issued the refund checks below to accomplish the refund. You will make one more entry. What is it?


<b>Western Airlines</b> P.O. Box 52005 World Way Postal Center, Los Angeles, California 90009 Ticket Number: <u>017 4720 227 429</u> From: <u>SAN</u> Flight: <u>OPEN</u> <u>SANIT</u> To: <u>BOS</u> Date: <u>SEPT 6,</u> 197 <u>4</u> PAY: <u>FIVE HUNDRED &amp; NO/100 DOLLARS</u> \$ <u>500.00</u> Name (Print): <u>H.V. CUSTOMER</u> Address: <u>4951 WHITTIER DR.</u> <u>OCEAN BEACH, CA. 92815</u> By: <u>O.U. Agent</u> # 362264 # 122220397: 374 755399 #		382264 FARE: <u>462.96</u> TAX: <u>37.04</u> Refund Amount: <u>500.00</u> Reason: <u>Unused Transportation</u>
--	--	--

<b>Western Airlines</b> P.O. Box 52005 World Way Postal Center, Los Angeles, California 90009 Ticket Number: <u>017 4720 227 429</u> From: <u>SAN</u> Flight: <u>OPEN</u> <u>SANIT</u> To: <u>BOS</u> Date: <u>SEPT 6,</u> 197 <u>4</u> PAY: <u>ONE HUNDRED &amp; NO/100 DOLLARS</u> \$ <u>100.00</u> Name (Print): <u>H.V. CUSTOMER</u> Address: <u>4951 WHITTIER DR.</u> <u>OCEAN BEACH, CA. 92815</u> By: <u>O.U. Agent</u> # 362265 # 122220397: 374 755399 #		382265 FARE: <u>92.59</u> TAX: <u>7.41</u> Refund Amount: <u>100.00</u> Reason: <u>Unused Transportation</u>
---	--	--

Refer to the ticket pictured to answer the following questions:

[illegible]

6. Complete the refund check below for an involuntary refund on the flight coupon shown above.

 <b>Western Airlines</b> P.O. Box 92006 World Way Postal Center Los Angeles California 90009	<h1 style="margin: 0;">Refund Check</h1>	<h1 style="margin: 0;">382265</h1> <div style="font-size: small; text-align: right;">             16207 1227           </div>	<h1 style="margin: 0;">382265</h1>
--	--	---	------------------------------------

CROCKER NATIONAL BANK OFFICE 8714  
 8745 SOUTH SEPULVEDA BOULEVARD  
 LOS ANGELES, CALIFORNIA 90048

Ticket Number _____	From _____	Flight _____	Returning Location _____
Ticket Number _____	To _____	Date _____	_____

**PAY**  
 To The Order Of \_\_\_\_\_

Dollars            Cents             
 (Amounts Not To Exceed \$500.00)

Name (Print) \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_


WESTERN AIR LINES, INC.  
 PASSENGER REFUND ACCOUNT

By \_\_\_\_\_  
 Authorized Signature

**# 382265# 1:1222#0397: 374 755399#**


FARE \_\_\_\_\_  
 TAX \_\_\_\_\_  
 Refund Amount \_\_\_\_\_  
☐ Monetary ☐ Non-Monetary  
 Reason \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_


7. Complete the refund application below for a voluntary refund on the flight coupon above.

<input type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary <input type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From <u>    </u> To <u>    </u> CLASS <u>    </u> <input type="checkbox"/> Other _____		 <b>Western Airlines</b> <b>Refund Application</b>		Date and/or Place of Issue _____	
		Date of Issue _____			
		<b>Refunds File Copy</b>			
Transportation Used - If Fare Basis Adj. Involved Carrier <u>    </u> Flight Number <u>    </u> Class <u>    </u> Date Used <u>    </u>		Orig. Tar. No. <u>    </u> of Exchs. Involved <u>    </u> Airline <u>    </u> Form <u>    </u> Serial Number <u>    </u>			
				Agent _____	
<b>Tickets and Passenger's Names</b>			<b>Segments Affected</b>	<b>Amount Credited</b>	Name of Credit Card Company (or Code) _____
Airline <u>    </u> Form <u>    </u> Serial Number <u>    </u> Class <u>    </u>			From <u>    </u> To <u>    </u>	For <u>    </u>	
Date Sold <u>    </u> Name of Passenger <u>    </u>			To <u>    </u>	To <u>    </u>	Import: Write in <u>Complete Credit Card Information</u>
Airline <u>    </u> Form <u>    </u> Serial Number <u>    </u> Class <u>    </u>			From <u>    </u>	For <u>    </u>	
Date Sold <u>    </u> Name of Passenger <u>    </u>			To <u>    </u>	To <u>    </u>	
Currency of Ticket <u>    </u> Exchange Rate <u>    </u> Amount in Converter's Currency <u>    </u>			<b>TOTAL AMOUNT</b> <u>    </u> (SUS) to Audit		
If Cash or Check - Print Name and <u>Complete Address of Purchaser</u>					


8. The tickets pictured below represent a reissue; both the original and the reissued ticket are shown. Complete the application for refund required by the reissue. Compose any additional information required.

<b>WESTERN AIRLINES</b> NAME OF PASSENGER <b>MRL L. PERRIN</b>		DOB <b>27 JUL 1916</b>		SEX <b>M</b>		RACE <b>W</b>		RELIGION <b>C</b>		NATIONALITY <b>USA</b>		DATE OF BIRTH <b>27 JUL 1916</b>		PLACE OF BIRTH <b>MINNEAPOLIS, MINN.</b>		DATE OF DEATH <b>18 AUG 1971</b>		PLACE OF DEATH <b>SEATTLE, WASH.</b>		DATE OF BURIAL <b>19 AUG 1971</b>		PLACE OF BURIAL <b>SEATTLE, WASH.</b>	
NAME OF PASSENGER <b>MRL L. PERRIN</b>		DOB <b>27 JUL 1916</b>		SEX <b>M</b>		RACE <b>W</b>		RELIGION <b>C</b>		NATIONALITY <b>USA</b>		DATE OF BIRTH <b>27 JUL 1916</b>		PLACE OF BIRTH <b>MINNEAPOLIS, MINN.</b>		DATE OF DEATH <b>18 AUG 1971</b>		PLACE OF DEATH <b>SEATTLE, WASH.</b>		DATE OF BURIAL <b>19 AUG 1971</b>		PLACE OF BURIAL <b>SEATTLE, WASH.</b>	

 <b>Western Airlines</b>		<b>PASSENGER TICKET AND BAGGAGE CHECK</b> FLIGHT COUPON NO. <b>1</b>		RESERVATION NAME OF PASSENGER <b>MR. L. PERRIN</b>		NOT TRAVELABLE <b>MSP</b>		DATE OF ISSUE <b>07/4200-079-123</b>		AIRLINE <b>SEA WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b>SEA</b>		TO <b>WA</b>		FARE <b>160.00</b>		TAXES <b>30.00</b>		TOTAL <b>190.00</b>		CARRIER <b>WA 629</b>		CLASS <b>Y</b>		DATE <b>18 AUG 74</b>		TIME <b>11:00</b>		FROM <b></b>	
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<input type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary <input type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From _____ To _____ <small>CLASS CLASS</small> <input type="checkbox"/> Other _____		 <b>Western Airlines</b> Refund Application Date of Issue _____ <b>Refunds File Copy</b>	Date and/or Place of Issue _____																							
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Airline	Form	Serial Number	Cpn.	From	To	Fare																				
From	To																									
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Airline	Form	Serial Number	Cpn.	From	To	Fare																				
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Fare	Tax																									
<table border="1"> <tr> <th>Currency of Ticketor</th> <th>Exchange Rate</th> <th>Amount in Converter's Currency</th> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>		Currency of Ticketor	Exchange Rate	Amount in Converter's Currency				<b>TOTAL AMOUNT</b> (Subject to Audit) _____																		
Currency of Ticketor	Exchange Rate	Amount in Converter's Currency																								

9. The number of passengers traveling on the group ticket below is reduced from 5 to 4. Complete the refund application to show this reduction.

 <b>Western Airlines</b>		<b>PASSENGER TICKET AND BAGGAGE CHECK</b> <small>ALL FLIGHTS ARE SUBJECT TO AIRLINE SCHEDULES AND TARIFFS</small>		<b>1</b>		<b>THE NUMBER OF MY</b> <small>FLIGHTS</small>		<b>017:4720:227:147</b>	
PASSENGER NAME <b>NOT TRANSFERABLE</b> <b>SEE MANIFEST</b> <small>ENDORSEMENTS</small>		FIFTEEN IF TWENTY THREE IF TWENTY FOUR <small>NOT ELIGIBLE</small>		FLIGHT COUPON NO. <b>070 001</b>		<b>MSP</b> <small>ORIGIN</small> <b>WA</b> <small>DESTINATION</small> <b>66.00</b>		<b>WAC</b> <b>AUG 1 1971</b>	
ALL TICKET SEATS 12 MUST BE PAID		TICKET CLASS FIRST CLASS		SEATS TO BE RELEASED FOR (DATE AND FLIGHT NUMBER)		1 2 3 4 5 6 7 8 9 10 11 12		MSPTT	
FROM <b>MINNEAPOLIS</b> <small>ORIGIN CITY AND PASSENGER</small>		TO <b>WA</b> <small>DESTINATION CITY</small>		DATE <b>402</b> <small>DATE OF TRAVEL</small>		TIME <b>30</b> <small>TIME OF TRAVEL</small>		STATUS <b>OK</b>	
<b>0 DENVER</b>		<b>-VOID-</b>		<b>5 FULL</b>		<b>-VOID-</b>		<b>040 719 658 5800 AX</b>	
<b>-VOID-</b>		<b>5 FULL</b>		<b>-VOID-</b>		<b>VALID 06 74 THRU 5/75</b>		<b>72</b>	
TOTAL <b>508.50</b> <b>24.69</b>		TAXES <b>19</b> <b>333</b>		FARE <b>1 017 4720227147 3</b>		NAME <b>ROBT M. HOUSE</b>			

<input type="checkbox"/> Voluntary <input type="checkbox"/> involuntary <input type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From _____ To _____ <small>CLASS CLASS</small> <input type="checkbox"/> Other _____	 <b>Western Airlines</b> Refund Application Date of Issue _____	Date and/or Place of Issue _____														
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Airline	Form	Serial Number	Cpn.	From	Amount Credited											
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Currency of Ticket	Exchange Rate	Amount in Converter's Currency														
If Cash or Check - Print Name and <u>Complete Address of Purchaser</u> _____																

10. Complete the refund application below for a voluntary downgrade from F to Y, using the information contained on the sample ticket.

<b>Western Airlines</b>		PASSENGER TICKET AND BAGGAGE CHECK		017 4200 79124	
NAME OF PASSENGER <b>MR. R. FOX</b>		NOT TRANSFERABLE		FLIGHT COUPON NO. <b>1</b>	
DATE OF ISSUE <b>WAL</b>		ISSUE DATE <b>AUG 18 74</b>		DATE OF REFUND <b>SC 1/18 YYCTT</b>	
1ST CLASS <b>1</b>		2ND CLASS <b>2</b>		3RD CLASS <b>3</b>	
4TH CLASS <b>4</b>		5TH CLASS <b>5</b>		6TH CLASS <b>6</b>	
7TH CLASS <b>7</b>		8TH CLASS <b>8</b>		9TH CLASS <b>9</b>	
10TH CLASS <b>10</b>		11TH CLASS <b>11</b>		12TH CLASS <b>12</b>	
13TH CLASS <b>13</b>		14TH CLASS <b>14</b>		15TH CLASS <b>15</b>	
16TH CLASS <b>16</b>		17TH CLASS <b>17</b>		18TH CLASS <b>18</b>	
19TH CLASS <b>19</b>		20TH CLASS <b>20</b>		21TH CLASS <b>21</b>	
22TH CLASS <b>22</b>		23TH CLASS <b>23</b>		24TH CLASS <b>24</b>	
25TH CLASS <b>25</b>		26TH CLASS <b>26</b>		27TH CLASS <b>27</b>	
28TH CLASS <b>28</b>		29TH CLASS <b>29</b>		30TH CLASS <b>30</b>	
31TH CLASS <b>31</b>		32TH CLASS <b>32</b>		33TH CLASS <b>33</b>	
34TH CLASS <b>34</b>		35TH CLASS <b>35</b>		36TH CLASS <b>36</b>	
37TH CLASS <b>37</b>		38TH CLASS <b>38</b>		39TH CLASS <b>39</b>	
40TH CLASS <b>40</b>		41TH CLASS <b>41</b>		42TH CLASS <b>42</b>	
43TH CLASS <b>43</b>		44TH CLASS <b>44</b>		45TH CLASS <b>45</b>	
46TH CLASS <b>46</b>		47TH CLASS <b>47</b>		48TH CLASS <b>48</b>	
49TH CLASS <b>49</b>		50TH CLASS <b>50</b>		51TH CLASS <b>51</b>	
52TH CLASS <b>52</b>		53TH CLASS <b>53</b>		54TH CLASS <b>54</b>	
55TH CLASS <b>55</b>		56TH CLASS <b>56</b>		57TH CLASS <b>57</b>	
58TH CLASS <b>58</b>		59TH CLASS <b>59</b>		60TH CLASS <b>60</b>	
61TH CLASS <b>61</b>		62TH CLASS <b>62</b>		63TH CLASS <b>63</b>	
64TH CLASS <b>64</b>		65TH CLASS <b>65</b>		66TH CLASS <b>66</b>	
67TH CLASS <b>67</b>		68TH CLASS <b>68</b>		69TH CLASS <b>69</b>	
70TH CLASS <b>70</b>		71TH CLASS <b>71</b>		72TH CLASS <b>72</b>	
73TH CLASS <b>73</b>		74TH CLASS <b>74</b>		75TH CLASS <b>75</b>	
76TH CLASS <b>76</b>		77TH CLASS <b>77</b>		78TH CLASS <b>78</b>	
79TH CLASS <b>79</b>		80TH CLASS <b>80</b>		81TH CLASS <b>81</b>	
82TH CLASS <b>82</b>		83TH CLASS <b>83</b>		84TH CLASS <b>84</b>	
85TH CLASS <b>85</b>		86TH CLASS <b>86</b>		87TH CLASS <b>87</b>	
88TH CLASS <b>88</b>		89TH CLASS <b>89</b>		90TH CLASS <b>90</b>	
91TH CLASS <b>91</b>		92TH CLASS <b>92</b>		93TH CLASS <b>93</b>	
94TH CLASS <b>94</b>		95TH CLASS <b>95</b>		96TH CLASS <b>96</b>	
97TH CLASS <b>97</b>		98TH CLASS <b>98</b>		99TH CLASS <b>99</b>	
100TH CLASS <b>100</b>		101TH CLASS <b>101</b>		102TH CLASS <b>102</b>	
103TH CLASS <b>103</b>		104TH CLASS <b>104</b>		105TH CLASS <b>105</b>	
106TH CLASS <b>106</b>		107TH CLASS <b>107</b>		108TH CLASS <b>108</b>	
109TH CLASS <b>109</b>		110TH CLASS <b>110</b>		111TH CLASS <b>111</b>	
112TH CLASS <b>112</b>		113TH CLASS <b>113</b>		114TH CLASS <b>114</b>	
115TH CLASS <b>115</b>		116TH CLASS <b>116</b>		117TH CLASS <b>117</b>	
118TH CLASS <b>118</b>		119TH CLASS <b>119</b>		120TH CLASS <b>120</b>	
121TH CLASS <b>121</b>		122TH CLASS <b>122</b>		123TH CLASS <b>123</b>	
124TH CLASS <b>124</b>		125TH CLASS <b>125</b>		126TH CLASS <b>126</b>	
127TH CLASS <b>127</b>		128TH CLASS <b>128</b>		129TH CLASS <b>129</b>	
130TH CLASS <b>130</b>		131TH CLASS <b>131</b>		132TH CLASS <b>132</b>	
133TH CLASS <b>133</b>		134TH CLASS <b>134</b>		135TH CLASS <b>135</b>	
136TH CLASS <b>136</b>		137TH CLASS <b>137</b>		138TH CLASS <b>138</b>	
139TH CLASS <b>139</b>		140TH CLASS <b>140</b>		141TH CLASS <b>141</b>	
142TH CLASS <b>142</b>		143TH CLASS <b>143</b>		144TH CLASS <b>144</b>	
145TH CLASS <b>145</b>		146TH CLASS <b>146</b>		147TH CLASS <b>147</b>	
148TH CLASS <b>148</b>		149TH CLASS <b>149</b>		150TH CLASS <b>150</b>	
151TH CLASS <b>151</b>		152TH CLASS <b>152</b>		153TH CLASS <b>153</b>	
154TH CLASS <b>154</b>		155TH CLASS <b>155</b>		156TH CLASS <b>156</b>	
157TH CLASS <b>157</b>		158TH CLASS <b>158</b>		159TH CLASS <b>159</b>	
160TH CLASS <b>160</b>		161TH CLASS <b>161</b>		162TH CLASS <b>162</b>	
163TH CLASS <b>163</b>		164TH CLASS <b>164</b>		165TH CLASS <b>165</b>	
166TH CLASS <b>166</b>		167TH CLASS <b>167</b>		168TH CLASS <b>168</b>	
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11. John Q. Traveler arrived on WA 501/22 August LAX-HNL. When checking in for WA 740/28 August HNL-ANC, he discovers that his ticket is lost. His Western Airlines ticket was originally purchased by cash from Easy Rider Travel in Anchorage on August 15, 1974. His original itinerary was ANC-LAX-HNL-ANC. The replacement HNL-ANC ticket number 017 4109 337 414 was purchased by using AX 040 917 787 6512. Complete the Lost Ticket Application (LTA) below:

FORM NO. AT-53 WAL REV. 3-72 PRINTED IN USA		<b>WESTERN AIR LINES, INC.</b> Box 9005 World Way Postal Center Los Angeles, California 90009	
<b>LOST TICKET REFUND APPLICATION</b>			
I, <u>JOHN Q. TRAVELER</u> hereby apply for a refund of the value of the unused portion of Western Air Lines, Inc. ticket described below and in requesting this refund REPRESENT THAT THE PORTION IS OWNED BY THE UNDERSIGNED AND HAS NOT BEEN USED BY ME OR ANY OTHER PERSON TO MY KNOWLEDGE, EITHER FOR TRANSPORTATION OR TO OBTAIN A REFUND, AND THAT IT HAS BEEN LOST, STOLEN OR DESTROYED.			
The undersigned understands that:			
1. In accordance with applicable passenger tariffs pertaining to Lost Tickets, refund will be made for the value of the lost ticket for of the ticket purchased for replacement covering the same transport-stops. A period of at least FIVE MONTHS from date of receipt of this application is required prior to refund to allow for an interim record check as assurance that ticket has not been used or refunded.			
2. In the event the unused portion is recovered or refund obtained without recourse to this application, Western Air Lines, Inc. will be notified by the applicant to cancel this application.			
3. This claim will be given consideration provided this application is filed not later than one month after the expiration date of the unused ticket.			
4. A \$5.00 service charge per ticket will be assessed for cost of handling this lost ticket claim. This amount will be deducted from the value of the unused lost portion of the ticket if the time refund is made.			
<b>LOST TICKET IDENTIFICATION</b>			
ISSUING AIRLINE <u>017</u>	AIRLINE FORM <u>UNK</u>	SERIAL NUMBER <u>UNK</u>	PASSENGER'S NAME (Please PRINT) <u>JOHN Q TRAVELER</u>
PORTION OF TICKET LOST WAS FOR PASSAGE FROM <u>ANCHORAGE, ALASKA</u> TO <u>SAME</u>		PAY REFUND TO <u>SAME</u>	
CITY WHERE PURCHASED <u>ANCHORAGE, ALASKA</u>		NUMBER AND STREET <u>5926 SNOWBOUND CROSSING</u>	
DATE OF PURCHASE <u>8/15/74</u>		CITY, STATE ZIP CODE <u>ANCHORAGE, ALASKA 99502</u>	
LOCATION OF TICKET SELLING OFFICE IN CITY WHERE PURCHASED (If Travel Agent, show name and address) <u>EASY RIDER TRAVEL</u> <u>ANCHORAGE, ALASKA</u>		AMOUNT PAID FOR LOST TICKET \$ <u>UNK</u>	
		FORM OF PAYMENT <input checked="" type="checkbox"/> CASH <input type="checkbox"/> CTR. NO. _____ <input type="checkbox"/> CHECK <input type="checkbox"/> OTHER _____ <input type="checkbox"/> CREDIT CARD NUMBER _____	
WAS ANY PORTION USED BEFORE LOST? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		SUBSCRIBER _____	
		WAS REPLACEMENT TICKET PURCHASED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
USED FROM FLIGHT NUMBER DATE DEPARTURE TIME	TO FLIGHT NUMBER DATE DEPARTURE TIME	AIRLINE FORM SERIAL NUMBER ISSUED AT FROM TO FLIGHT NUMBER DATE VALUE	DATE ISSUED / /
<input type="checkbox"/> LOST TICKET WAS LIFTED IN ERROR OR FLIGHT NUMBER _____ DATE / /		FLIGHT NUMBER _____ DATE / / VALUE \$ _____	
Should such Lost Ticket be used by me or any other person, or should further refund be secured thereon by me or any other person, I agree to reimburse Western Air Lines, Inc. the amount to be received by me. Furthermore, if I locate the Lost Ticket I will immediately deliver it to Western Air Lines, Inc.			
SIGNATURE <u>John Q. Traveler</u>		Date & Place of Issue _____ _____ _____	
STREET ADDRESS <u>5926 SNOWBOUND CROSSING</u>			
CITY <u>ANCHORAGE</u> STATE <u>ALASKA</u> ZIP CODE <u>99502</u>			
DISPOSITION: ORIGINAL - LAXAR - White DUPLICATE - Passenger - Yellow TRIPLICATE - Retained by issuing office - pink			
(VALIDATION)			

12. The ticket pictured below was issued against a PTA and is being presented for refund by Miss T. Linsey. Purchaser was John Smith.

<b>Western Airlines</b>		PASSENGER TICKET AND BAGGAGE CHECK		TICKET NUMBER ONLY		AGENCY FILE NO.		SERIAL NUMBER	
NAME OF PASSENGER <b>MISS T. LINSEY</b>		NOT TRANSFERABLE		FLIGHT COUPON NO.		017 4100 440 818		<b>WAL</b>	
DATE OF ISSUE		ISSUE IN EXCHANGE FOR		DATE OF REFUND		1 AUG 74		<b>AUG 1, 1974</b>	
TO		FROM		FARE BASIS		CARRIER		FLIGHT CLASS	
X ANCHORAGE		Y WA		OPEN		SC		60	
O SEATTLE/TACOMA								ANCTT	
FARE		TAX		TOTAL		115.59		4.06	
115.59		4.06		119.65		1 017 4100440848 4		PT/NON REF CHECK	

Complete refund application form AA-5 below for Miss Linsey's ticket.  
(Compose any additional information needed.)

<input type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary <input type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From _____ To _____ <input type="checkbox"/> Other _____		<b>Western Airlines</b> Refund Application Date of Issue _____ Refunds File Copy _____		Date and or Place of Issue	
Transportation Used - If Fare Basis Adj. Involved Carrier Flight Number Class Date Used		Orig. Tkt. No. (s) - If Exchg. Involved Airline Form Serial Number		Agent	
Tickets and Passenger's Names Airline Form Serial Number Cpn. From To Fare Tax		Segments Affected From To Fare Tax		Name of Credit Card Company - or Code Imprint Write Complete Credit Card Information	
Date Sold Name of Passenger Airline Form Serial Number Cpn. From To Fare Tax		Date Sold Name of Passenger Airline Form Serial Number Cpn. From To Fare Tax			
Currency of Ticketor Exchange Rate Amount in Converter's Currency		TOTAL AMOUNT (Subject to Audit)		If Cash or Check - Print Name and Complete Address of Purchaser	

13. A Group ticket is being issued in exchange for a PTA. The PTA is made out for 15 passengers, but only 10 are traveling. Check the correct procedure.
- Issue group ticket for 15 people and complete refund application.
  - Issue group ticket for 10 passengers and complete MCO for the value of the passengers not traveling, indicating on the MCO: "For further transportation."
  - Issue group ticket for 10 passengers, change PNR, and complete refund application.

## ANSWER PAGE

## TRAINING TOPIC - TICKET REFUNDS

1. Check each one of the situations below in which the customer qualifies for an involuntary refund:

- ☒ a. Customer is an oversale and is being given Denied Boarding Compensation. He is canceling his trip.
- ☒ b. Customer arrives in Los Angeles improperly documented for his connecting flight to Mexico and must be refused passage.
- ☐ c. Customer is a standby for a flight that cancels due to a mechanical.

*The customer does not qualify for an involuntary refund; he does not have confirmed space.*

- ☒ d. Customer appears to be intoxicated and is refused passage.
- ☒ e. Customer becomes ill enroute and has to deplane short of his destination.
- ☒ f. Customer was advised at origin that the weather at his destination is very poor; he decides to go anyway and is flown over his destination.
- ☒ g. Customer's flight is canceled because of weather.

2. By answering "yes" or "no" in the voluntary and involuntary columns in the table below, indicate when a local refund can be made.

FORM OF PAYMENT for ticket being refunded	VOLUNTARY	INVOLUNTARY
Cash	<u>Yes</u>	<u>Yes</u>
Check (refund under \$50)	<u>Yes</u>	<u>Yes</u>

NOTE: The amount refunded without restrictions for tickets purchased by check has increased from \$25.00 to \$50.00.

Check (refund over \$50)	<u>Yes, but--</u>	<u>Yes</u>
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*Only if clearance of check can be verified by the bank on which the check was drawn. If the customer does not have a canceled check and his bank is located in a city served by Western, "direct dial" to the bank when possible by using the "Wesnet" lines. Or request a Western ticketing location in that city to verify check clearance by calling the bank for you.*

Credit Card	<u>No</u>	<u>Yes</u>
Government Transportation Order	<u>No</u>	<u>No</u>
PTA (cash)	<u>Yes, but--</u>	<u>Yes</u>
<i>Only to the purchaser, and only if no ticket has been issued.</i>		
PTA (credit card)	<u>No</u>	<u>Yes</u>
Travel Agent (cash)	<u>Yes</u>	<u>Yes</u>
Travel Agent (credit card)	<u>No</u>	<u>Yes</u>



3. All LAX SAN flights have canceled due to weather. What is the amount of the involuntary refund due on the flight coupon #2 pictured?

[illegible]

Fares for your reference:

WAS	LAX	F	213.55	Tax	17.09	Total	230.64	
LAX	SAN	F	26.52	Tax	2.12	Total	28.64	(interstate)
LAX	SAN	F	17.31	Tax	1.39	Total	18.70	(intrastate)

Refund due: \$28.64

Since the ticket is for interstate travel, the refund will be based on the LAX-SAN interstate fare.

4. We now have perfect flying weather. The WAS SAN passenger from question #3 has decided to drive LAX SAN with a friend. What is the amount of the voluntary refund due on the flight coupon above?

No refund is due.

The WAS-LAX F fare is the same as the WAS-SAN F fare, except for the security charge of \$.64.

5. A passenger requests a refund for a totally unused ticket purchased by cash for \$600.

A. Check the correct statement:

- ☒ b. You must receive approval to refund from Refunds, Revenue Accounting, LAXAR, since the amount is over \$500.

In the interest of good passenger service, refund checks should be issued at the local office, whenever possible.

- B. You have issued the refund checks below to accomplish the refund. You will make one more entry. What is it?

Comp. Ch. # <u>382265</u> <b>Western Airlines</b> <small>P.O. Box 30205 World Way Postal Center, Los Angeles, California 90009</small>		Refund Check <u>382264</u> 18-337 <small>CROCKER NATIONAL BANK OFFICE #374          8949 SOUTH SEULVEDA BOULEVARD          LOS ANGELES, CALIFORNIA 90048</small>		<u>382264</u>
017 4720 227 429 From <u>SAN</u> Flight <u>OPEN</u> Ref. to Ticket No. <u>SANTT</u> To <u>BOS</u> Date <u>SEPT. 6,</u> 19 <u>74</u>	PAY <u>FIVE HUNDRED &amp; No 100 DOLLARS</u> \$ <u>500.00</u> <small>VOID AFTER 60 DAYS</small>			FARE <u>462.96</u> TAX <u>37.04</u> Refund Amount <u>500.00</u> X <u>Unused Transportation</u>
Name <u>H.V. CUSTOMER</u> <u>4951 WHITTIER DR</u> <u>OCEAN BEACH, CA 92815</u> City State Zip Code By <u>O.H. Agent</u> "382264" "12222" 0397: 374 755399"				

Comp. Ch. # <u>382264</u> <b>Western Airlines</b> <small>P.O. Box 30205 World Way Postal Center, Los Angeles, California 90009</small>		Refund Check <u>382265</u> 18-337 <small>CROCKER NATIONAL BANK OFFICE #374          8949 SOUTH SEULVEDA BOULEVARD          LOS ANGELES, CALIFORNIA 90048</small>		<u>382265</u>
017 4720 227 429 From <u>SAN</u> Flight <u>OPEN</u> Ref. to Ticket No. <u>SANTT</u> To <u>BOS</u> Date <u>SEPT. 6,</u> 19 <u>74</u>	PAY <u>ONE HUNDRED &amp; No 100 DOLLARS</u> \$ <u>100.00</u> <small>VOID AFTER 60 DAYS</small>			FARE <u>92.59</u> TAX <u>7.41</u> Refund Amount <u>100.00</u> X <u>Unused Transportation</u>
Name <u>H.V. CUSTOMER</u> <u>4951 WHITTIER DR</u> <u>OCEAN BEACH, CA 92815</u> City State Zip Code By <u>O.H. Agent</u> "382265" "12222" 0397: 374 755399"				

Issue separate checks in amounts of \$500.00 or less, per check, to make up the total. Then cross-reference all checks by entering conjunction check numbers in the upper left corner of each check.

If you take the passenger's name from the ticket, be sure that he endorses the check in the identical way. Or, before filling in the name, you could ask, "How do you endorse your checks?"

6. Complete the refund check below for an involuntary refund on the flight coupon shown.

NOTES:

NOTES:  
Although you will usually cash any refund check you prepare, keep in mind that it is a negotiable document and must clear the bank like any other check in your cash drawer. Be sure that you comply with the following:

1. You may sign a refund check only if there is a signature card on file in the office of the company Cashier, LAXAB, which authorizes you to do so. Your signature on refund checks must match the signature on file; i.e. if your signature is on file as "Frank Jones," then you must sign any refund check as "Frank Jones," not "F. Jones" or any other variation. Unless your signature is highly legible, print your name underneath it so that bank personnel can locate you for signature comparison purposes.
2. Be sure to date the refund check. This is important for bookkeeping requirements in all departments which will subsequently handle the check.
3. Be sure the customer endorses the check. You will need to see identification when cashing a refund check; enter the information on the back in the area provided on the stamp. This is the only way to assure that you are refunding to the proper owner. And the entry of the identification information is valuable in investigating any later claim of forgery by the proper owner.
4. The stub of the check must be completed so that proper accounting of fare, tax and reason for refund can be made.

Refer to 4.1.2 of the Ticketing Manual for check acceptance policy.

Refer to the ticket pictured to answer the following question:

<b>Western Airlines</b>		PASSENGER TICKET AND BAGGAGE CHECK		1		SERIAL NUMBER	
NAME OF PASSENGER <b>MR. R. ARNOLD</b>		NOT REDEEMABLE		FLIGHT COUPON NO.		017 4100 440 810	
DATE OF ISSUE		CLASS		FARE BASIS		WAL AUG 4, 74	
NOT VALID BEFORE		NOT VALID AFTER		CLASS OF SERVICE		MSPTT	
NOT VALID AFTER		NOT VALID BEFORE		CLASS OF SERVICE		MSPTT	
TO		FROM		FARE BASIS		MSPTT	
X MINNEAPOLIS/SALT LAKE CITY		Y WA		61 AUG 5 74 OK		CC ATP	
O SALT LAKE CITY						1016 09183 004 822	
FARE		TAX		TOTAL		12/76	
81.15		87.64		1 017 4100440840 3		RON ARNOLD	


7. Complete the refund application below for a voluntary refund on the flight coupon above.

<input checked="" type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary <input checked="" type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From _____ To _____ <input type="checkbox"/> Other _____		<b>Western Airlines</b> Refund Application Date of Issue Refunds File Copy		WAL AUG 5, 1974 MSPTT	
Transportation Used - If Fare Basis A, B, Involuntary Class    Flight Number    Class    Date of Issue		Class    Flight Number    Class    Date of Issue		Class    Flight Number    Class    Date of Issue	
Tickets and Passenger's Names Airline    From    To    Class    Amount Credited		Airline    From    To    Class    Amount Credited		Airline    From    To    Class    Amount Credited	
017 4100 440 840 1    MSP    Tax		8/4 ARNOLD/R    SLC    Tax		1016 0918 3 074 822 12/76	
Date Sold    Name of Passenger    To    Tax		Date Sold    Name of Passenger    To    Tax		Date Sold    Name of Passenger    To    Tax	
Currency of Ticket    Exchange Rate    Amount of Credit    *TOTAL AMOUNT (Subject to Audit)		Currency of Ticket    Exchange Rate    Amount of Credit    *TOTAL AMOUNT (Subject to Audit)		Currency of Ticket    Exchange Rate    Amount of Credit    *TOTAL AMOUNT (Subject to Audit)	
If Cashier Check, Print Name and Complete Address of Purchaser					

NOTES:

- The Fare, Tax and Total Amount boxes are not to be filled in unless the customer requests these entries to be made. (In that case, you might point out that the amounts entered are subject to audit.)
- When credit card is not available to imprint, write in credit information; be sure to include credit card holder's name.
- Be sure that the card imprint is legible. If refunding directly to the customer, as when the form of payment is by check, be sure that the address is legible and complete.
- No copies of the refund application are to be retained by the issuing office. After the passenger receives his copy, see that all remaining copies go together to LAXAR along with any supporting flight coupons.

<b>Western Airlines</b> 001 PASSENGER 002 WEST COAST 003 10/10/74 004 10/10/74 005 10/10/74 006 10/10/74 007 10/10/74 008 10/10/74 009 10/10/74 010 10/10/74 011 10/10/74 012 10/10/74 013 10/10/74 014 10/10/74 015 10/10/74 016 10/10/74 017 10/10/74 018 10/10/74 019 10/10/74 020 10/10/74 021 10/10/74 022 10/10/74 023 10/10/74 024 10/10/74 025 10/10/74 026 10/10/74 027 10/10/74 028 10/10/74 029 10/10/74 030 10/10/74 031 10/10/74 032 10/10/74 033 10/10/74 034 10/10/74 035 10/10/74 036 10/10/74 037 10/10/74 038 10/10/74 039 10/10/74 040 10/10/74 041 10/10/74 042 10/10/74 043 10/10/74 044 10/10/74 045 10/10/74 046 10/10/74 047 10/10/74 048 10/10/74 049 10/10/74 050 10/10/74 051 10/10/74 052 10/10/74 053 10/10/74 054 10/10/74 055 10/10/74 056 10/10/74 057 10/10/74 058 10/10/74 059 10/10/74 060 10/10/74 061 10/10/74 062 10/10/74 063 10/10/74 064 10/10/74 065 10/10/74 066 10/10/74 067 10/10/74 068 10/10/74 069 10/10/74 070 10/10/74 071 10/10/74 072 10/10/74 073 10/10/74 074 10/10/74 075 10/10/74 076 10/10/74 077 10/10/74 078 10/10/74 079 10/10/74 080 10/10/74 081 10/10/74 082 10/10/74 083 10/10/74 084 10/10/74 085 10/10/74 086 10/10/74 087 10/10/74 088 10/10/74 089 10/10/74 090 10/10/74 091 10/10/74 092 10/10/74 093 10/10/74 094 10/10/74 095 10/10/74 096 10/10/74 097 10/10/74 098 10/10/74 099 10/10/74 100 10/10/74		PASSENGER TICKET AND BAGGAGE CHECK FLIGHT COUNTRY NO. 1 001 PASSENGER 002 WEST COAST 003 10/10/74 004 10/10/74 005 10/10/74 006 10/10/74 007 10/10/74 008 10/10/74 009 10/10/74 010 10/10/74 011 10/10/74 012 10/10/74 013 10/10/74 014 10/10/74 015 10/10/74 016 10/10/74 017 10/10/74 018 10/10/74 019 10/10/74 020 10/10/74 021 10/10/74 022 10/10/74 023 10/10/74 024 10/10/74 025 10/10/74 026 10/10/74 027 10/10/74 028 10/10/74 029 10/10/74 030 10/10/74 031 10/10/74 032 10/10/74 033 10/10/74 034 10/10/74 035 10/10/74 036 10/10/74 037 10/10/74 038 10/10/74 039 10/10/74 040 10/10/74 041 10/10/74 042 10/10/74 043 10/10/74 044 10/10/74 045 10/10/74 046 10/10/74 047 10/10/74 048 10/10/74 049 10/10/74 050 10/10/74 051 10/10/74 052 10/10/74 053 10/10/74 054 10/10/74 055 10/10/74 056 10/10/74 057 10/10/74 058 10/10/74 059 10/10/74 060 10/10/74 061 10/10/74 062 10/10/74 063 10/10/74 064 10/10/74 065 10/10/74 066 10/10/74 067 10/10/74 068 10/10/74 069 10/10/74 070 10/10/74 071 10/10/74 072 10/10/74 073 10/10/74 074 10/10/74 075 10/10/74 076 10/10/74 077 10/10/74 078 10/10/74 079 10/10/74 080 10/10/74 081 10/10/74 082 10/10/74 083 10/10/74 084 10/10/74 085 10/10/74 086 10/10/74 087 10/10/74 088 10/10/74 089 10/10/74 090 10/10/74 091 10/10/74 092 10/10/74 093 10/10/74 094 10/10/74 095 10/10/74 096 10/10/74 097 10/10/74 098 10/10/74 099 10/10/74 100 10/10/74		017 4100 410 549 WAL 18 AUG 74 SC L 27 SEATT 19 L 27 2017 01 419 318-6 L. PERRIN REFUND APP. FOR	
MR L PERRIN 001 PASSENGER 002 WEST COAST 003 10/10/74 004 10/10/74 005 10/10/74 006 10/10/74 007 10/10/74 008 10/10/74 009 10/10/74 010 10/10/74 011 10/10/74 012 10/10/74 013 10/10/74 014 10/10/74 015 10/10/74 016 10/10/74 017 10/10/74 018 10/10/74 019 10/10/74 020 10/10/74 021 10/10/74 022 10/10/74 023 10/10/74 024 10/10/74 025 10/10/74 026 10/10/74 027 10/10/74 028 10/10/74 029 10/10/74 030 10/10/					


<input type="checkbox"/> Voluntary <input type="checkbox"/> Involuntary <input type="checkbox"/> Unused Transportation <input type="checkbox"/> Fare Basis Adjustment From <small>DATE</small> <small>THRU</small> <input checked="" type="checkbox"/> Other. <b>REISSUE</b>		 <b>Western Airlines</b> Refund Application		Date and/or Place of Issue <b>WAL</b>	
		Date of Issue <b>AUG 18, 1974</b>		<b>AUG 18, 1974</b>	
		Refunds File Copy			
Transportation Used — (if Fare Basis Adj. Involved) Carrier      Flight Number      Class      Date Used		Group, Title, No.      (if Fare Basis Adj. Involved) Airline      e.g.m.      Sp. or F. Number		<b>SEATT</b>	
		<b>017 4200 079 123</b>			
Tickets and Passenger's Names		Segments Affected		Amount Credited	
Airline      Ticket      Serial Number      From      To		Fare		<b>TRAVELCARD</b>	
017 4100 440 P49 1 SEA		PDX		(Impress: Name, Serial No., Flight No. and Information)	
Date Sold      Name of Passenger      Serial Number      Class      From      To		Fare		<b>2017 01 419 318-6</b>	
8/18 PERRIN/L		L. PERRIN			
Date Sold      Name of Passenger      To      Tax					
Currency of Fare      Exchange Rate      Amount in Carrier's Currency		TOTAL AMOUNT (Subject to Audit)		(If Cashier Check, Print Name and Complete Address of Payee)	

NOTE: When a refund is due to a reissue, be sure to enter both the original ticket number and the new ticket number. This applies whether you are using a refund application or a refund check.

[illegible]

NOTE: Although refund application form AA-5 does not specify flight number for Group reductions, it is often very helpful in processing the refund request.

10. Complete the refund application below for a voluntary downgrade from F to Y, using the information contained on the sample ticket.

 <b>Western Airlines</b>		PASSENGER TICKET AND BAGGAGE CHECK NUMBER OF TICKETS: 1 FLIGHT COUPON NO. 1 DATE OF ISSUE:		DATE OF PURCHASE: 07/420079124 WAL 8/4, 74
NAME OF PASSENGER: MR. F. FOX TITLE:		ADDRESS:		CITY:
SEX: M DATE OF BIRTH: 12		OCCUPATION:		CARRIER:
AIRLINE:		CLASS:		FARE BASIS:
FROM:		TO:		CARRIER:
X CALGARY		F WA 547 AUG 8 25 OK		FARE:
O DENVER		F CO 30 AUG 30 40 OK		FARE:
O WICHITA		F CO 30 AUG 30 40 OK		FARE:
TOTAL:		TAXES:		TOTAL:
151.51		151.51		1 017 4200079124 0
NIL		C.A.		

[illegible]

NOTE: In cases where a refund is due to a downgrade in class of service, be sure to enter the flight number and date of travel on any refund document. Passengers who downgrade sometimes apply for a refund at both ends of the trip; unless the flight/date appears on the refund documents, a double refund may result.

11. John Q. Traveler arrived on WA 501/22 August LAX-HNL. When checking in for WA 740/28 August HNL-ANC, he discovers that his ticket is lost. His Western Airlines ticket was originally purchased by cash from Easy Rider Travel in Anchorage on August 15, 1974. His original itinerary was ANC-LAX-HNL-ANC. The replacement HNL-ANC ticket number 017 4109 337 414 was purchased by using AX 040 917 787 6512. Complete the Lost Ticket Application (LTA) below:

LOST TICKET IDENTIFICATION							
ISSUING AIRLINE <u>017</u>	AIRLINE FORM <u>UNK</u>	TICKET NUMBER <u>UNK</u>	PASSENGER'S NAME (Print, First) <u>JOHN Q TRAVELER</u>				
PORTION OF TICKET LOST WAS FOR PASSAGE FROM <u>ANC</u> TO <u>HNL</u>			PAY METHOD TO <u>SAME</u>				
DATE AND TIME PURCHASED <u>8/15/74</u>			NUMBER AND STREET <u>5926 SNOW BOUND CROSSING</u>				
DATE OF PURCHASE <u>8/15/74</u>			CITY <u>ANCHORAGE, ALASKA</u>				
LOCATION OF TRAVEL AGENCY IN CITY WHERE PURCHASED <u>EASY RIDER TRAVEL</u>			AMOUNT PAID FOR LOST TICKET <u>UNK</u>				
ADDRESS OF TRAVEL AGENCY <u>ANCHORAGE, ALASKA</u>			FORM OF PAYMENT <input checked="" type="checkbox"/> CASH <input type="checkbox"/> STN NO <input type="checkbox"/> CHECK <input type="checkbox"/> OTHER <input type="checkbox"/> CREDIT CARD NUMBER				
HAS ANY PORTION USED BEFORE LOST? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			PURCHASED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO				
FROM <u>ANC - LAX</u> TO <u>HNL</u>			AIRLINE FORM NUMBER <u>017 4109 337 414</u>				
FLIGHT NUMBER <u>WA 501</u>			DATE ISSUED <u>8 28 74</u>				
DATE <u>8 22 74</u>			TIME <u>10:30</u>				
CLASSTIME <u>10:30</u>			FLIGHT NUMBER <u>WA 740</u>				
DATE <u>8 28 74</u>			TIME <u>15:20</u>				
<p>Should such Lost Ticket be used by me or any other person, or should further refund be secured thereon by me or any other person, I agree to reimburse Western Air Lines, Inc. the amount to be received by me. Furthermore, if I locate the Lost Ticket I will immediately deliver it to Western Air Lines, Inc.</p> <p>SIGNATURE <u>John Q. Traveler</u> DATE AND PLACE OF ISSUE <u>WA</u> <u>28 AUG 74</u></p> <p>STREET ADDRESS <u>5926 SNOW BOUND CROSSING</u></p> <p>CITY <u>ANCHORAGE</u> STATE <u>ALASKA</u> ZIP CODE <u>99502</u></p> <p>DISPOSITION: ORIGINAL - LAXAR - White DUPLICATE - Passenger - Yellow TRIPLICATE - Retained by issuing office - pink</p> <p>HNLTT (VALIDATION)</p>							

NOTES: Refer to 8.1.6.C, Ticketing Manual, Instructions for completing Lost Ticket Application Form AT-53.

Enter the name of carrier and ticket number(s), if known. Ticket numbers can be obtained from other documents, such as: conjunction tickets, credit card receipt, canceled checks, or PNR's. If the lost ticket was not issued by Western, refer the applicant, whenever possible, to the issuing carrier in order to expedite the processing of the claim.

Enter the location and date tickets were purchased. If the ticket(s) were purchased from a travel agency, include the travel agency's name and address. If address is not known, indicate the city. If the exact date is not known, indicate the approximate date.

Enter lost ticket information. Indicate which portions were used, flight number(s), date(s), and departure time(s). If the passenger states WA pulled the coupon in error, authority to reissue should be requested by telephone or teletype from Ticket Lifts, LAXAR. If LAXAR is not able to authorize the reissue, make certain the "coupon pulled in error" is noted on the application.

Check the box to indicate if a replacement ticket was purchased. Include the ticket number(s), date ticketing location issuing, itinerary and dollar value.

Obtain passenger's telephone number whenever possible and include on the address line.





13. A Group ticket is being issued in exchange for a PTA. The PTA is made out for 15 passengers, but only 10 are traveling. Check the correct procedure.

✓ c. Issue group ticket for 10 passengers, change PNR, and complete refund application.

Refer to 8.1.8.C., Ticketing Manual, Refunding Group PTA's.

If the original number of passengers is not traveling, the following PNR changes must be completed:

- a. Retrieve the PNR.
- b. Reduce the number of the original party in the PNR by using "Reduce Entry" rather than by dividing so that the PTA will not appear in two PNR's and departure processing will have the correct passenger count.
- c. Change ticketing field to show ticket(s) issued in exchange for the PTA.
- d. Enter the refund information: 4OSI PARTIAL REFUND APPLIED FOR or 4OSI PARTIAL PAYMENT REFUNDED TO PURCHASER.

NO CHANGE ON THIS PAGE

C.T.C. (A) NO. 53

C.A.B. NO. 142

Airline Tariff Publishers, Inc., Agent

13th Revised Page 184

LOCAL AND JOINT PASSENGER RULES TARIFF NO. PR-6

Cancels 12th Revised Page 184

RULE	SECTION VII— REFUNDS AND REROUTING												
395	<p><b>REFUND - VOLUNTARY (Continued)</b></p> <p>(B) <u>Person to Whom Refund is Made</u> Except as provided below, carrier will refund in accordance with this rule to the person named as the passenger on the ticket</p> <p><u>Exception 1:</u> Tickets Refundable to Purchaser Only</p> <table border="1"> <thead> <tr> <th>REFUND OF TICKETS AS DESCRIBED BELOW:</th><th>WILL BE MADE ONLY TO:</th></tr> </thead> <tbody> <tr> <td>In exchange for a Prepaid Ticket Advice and/or Miscellaneous Charge Order</td><td>The purchaser of the Prepaid Ticket Advice and/or Miscellaneous Charge Order</td></tr> <tr> <td>Under a Universal Air Travel Plan referred to in Section III in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent</td><td>The subscriber against whose account the ticket was charged</td></tr> <tr> <td>Against a Transportation Request issued by a government agency, other than a U.S. Government Agency.</td><td>The government agency which issued the Transportation request</td></tr> <tr> <td>Against a U.S. Government Transportation Request</td><td>The U.S. Government Agency which issued the U.S. Government Transportation Request with a check payable to the "Treasurer of the United States"</td></tr> <tr> <td>Tickets for transportation via AL, TS, AA, BN, CP, DL, EA, FL, HA, NA, NW, OZ, RV, SO, TW, UA or WC issued against a credit card referred to in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent</td><td>The account of the person to whom such credit card has been issued</td></tr> </tbody> </table> <p><u>Exception 2:</u> Tickets Refundable to Person Other Than Passenger (Applicable only to AC, AL, AA, CP, CO, EA, ND, NW, PA, RV, TZ, TW, UA and WA.)</p> <p>If, at the time of purchase, the purchaser designates on the ticket another person to whom refund shall be made, refund will be made to the person so designated. A refund made in accordance with this procedure to a person representing himself as the person so designated in the ticket or exchange order will be deemed a valid refund and the carrier will not be liable to the true passenger for another refund.</p> <p><u>Exception 3:</u> (Applicable to AL, AA, CO, TW and UA only)</p> <p>If, at the time of application for refund, evidence is submitted that a company purchased the ticket on behalf of its employee or the travel agent has made refund to its client, such refund will be made directly to the employee's company or the travel agent.</p> <p>(C) <u>Lost Tickets (Not Applicable to BN)</u></p> <p>(1) <u>Amount of Refund</u> When a passenger loses his ticket, or the unused portion thereof, the carrier which issued the ticket will make a refund to the passenger in the following amounts, as applicable:</p> <p>(a) If no portion of the ticket has been used, refund will be an amount equal to the fare and charges paid.</p> <p>(b) If a portion of the ticket has been used, and</p> <p>(i) the passenger has purchased a new ticket covering the same transportation as that covered by the unused portion of the lost ticket, refund will be an amount equal to the fare and charges paid for such new ticket</p> <p>(ii) the passenger has not purchased a new ticket covering the same transportation as that covered by the unused portion of the lost ticket, refund will be an amount equal to the difference between the fare and charges paid and the fare and charges applicable to the transportation of the passenger covered by the used portion of the ticket.</p> <p>(2) <u>Application for Refund</u></p> <p>(a) <u>Time Limit</u> (Applicable to all participating carriers except PA) Refund will be made to accordance with (1) above provided application therefor has been made out later than one month after the expiration date of the lost ticket.</p>	REFUND OF TICKETS AS DESCRIBED BELOW:	WILL BE MADE ONLY TO:	In exchange for a Prepaid Ticket Advice and/or Miscellaneous Charge Order	The purchaser of the Prepaid Ticket Advice and/or Miscellaneous Charge Order	Under a Universal Air Travel Plan referred to in Section III in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent	The subscriber against whose account the ticket was charged	Against a Transportation Request issued by a government agency, other than a U.S. Government Agency.	The government agency which issued the Transportation request	Against a U.S. Government Transportation Request	The U.S. Government Agency which issued the U.S. Government Transportation Request with a check payable to the "Treasurer of the United States"	Tickets for transportation via AL, TS, AA, BN, CP, DL, EA, FL, HA, NA, NW, OZ, RV, SO, TW, UA or WC issued against a credit card referred to in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent	The account of the person to whom such credit card has been issued
REFUND OF TICKETS AS DESCRIBED BELOW:	WILL BE MADE ONLY TO:												
In exchange for a Prepaid Ticket Advice and/or Miscellaneous Charge Order	The purchaser of the Prepaid Ticket Advice and/or Miscellaneous Charge Order												
Under a Universal Air Travel Plan referred to in Section III in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent	The subscriber against whose account the ticket was charged												
Against a Transportation Request issued by a government agency, other than a U.S. Government Agency.	The government agency which issued the Transportation request												
Against a U.S. Government Transportation Request	The U.S. Government Agency which issued the U.S. Government Transportation Request with a check payable to the "Treasurer of the United States"												
Tickets for transportation via AL, TS, AA, BN, CP, DL, EA, FL, HA, NA, NW, OZ, RV, SO, TW, UA or WC issued against a credit card referred to in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116, issued by Airline Tariff Publishers, Inc., Agent	The account of the person to whom such credit card has been issued												

(Continued on next page)

For explanation of abbreviations, reference marks and symbols used but unexplained hereon, see Page 8

ISSUED: NOVEMBER 14, 1974

EFFECTIVE: DECEMBER 14, 1974

(Printed in U.S.A.)

CORRECTION NO. 8294

C.T.C.(A) NO. 53

C.A.B. NO. 142

Airline Tariff Publishers, Inc., Agent

LOCAL AND JOINT PASSENGER RULES TARIFF NO. PR-1

28th Revised Page 185

Cancels 27th Revised Page 185

RULE	SECTION VII—REFUNDS AND REROUTINGS												
395	<p><b>REFUND - VOLUNTARY (Continued)</b></p> <p>(C) (Continued)</p> <p>(2) <b>Application for Refund (Continued)</b></p> <p>(b) <b>Where Filed.</b> (Not applicable to AC, RW, AS, AA, CP, CO, DL, EA, NA, NW, PA, PW, RV, TZ, TW, UA and WA) Application must be filed in general offices of carrier.</p> <p>(c) <b>Form of Application.</b> Application must be made on forms prescribed by carrier for such refunds.</p> <p>(d) <b>When Payable.</b></p> <p>(i) Via AL, AA, CO, DL, EA, NA, PA, PI, TW and UA refund will be made upon receiving application for such refund, subject to (e) and (f) below.</p> <p>(ii) Via all other carriers, except AL, AA, CO, DL, EA, NA, PA, PI, TW and UA refund will not be made in less than four months after receipt of proof of loss, subject to (e) below.</p> <p><b>EXCEPTION (1)</b> AC, NW, RV, TT or WA will refund a ticket purchased under the Universal Air Travel Plan provisions contained in Credit Plan Tariff No. CP-1, C.T.C.(A) No. 43, C.A.B. No. 116 upon receiving application for such refund, subject to paragraphs (e) and (f) below.</p> <p><b>EXCEPTION (2)</b> TT will refund a ticket issued against a Transportation Request issued by a government agency upon receiving application for such refund, subject to paragraphs (e) and (f) below.</p> <p>(e) <b>Previous Use or Refund.</b> Refund will be made only provided that the lost ticket or lost portion thereof has not previously been honored for transportation or refunded to any person.</p> <p>(f) <b>Indemnity.</b> Carrier will make such refund only provided that the person to whom refund is made agrees, in such form as may be prescribed by the carrier, to indemnify carrier for any loss or damage which it may sustain by reason of such refund.</p> <p>(3) <b>Service Charge.</b> The following carriers will impose a service charge, as shown below, per ticket for handling such request for refund of a lost ticket:</p> <table border="1"> <thead> <tr> <th></th><th>U.S. Currency</th><th>Canadian Currency</th></tr> </thead> <tbody> <tr> <td>AL, NW</td><td>\$5.00</td><td>\$5.00</td></tr> <tr> <td>3, PA, TZ</td><td>\$5.00</td><td>\$5.05</td></tr> <tr> <td>RW, AS, TS, AA, CO, DL, EA, FL, HA, NA, NC, PI, RV, SO, TT, TW, UA, WA, WC</td><td>\$5.00</td><td>-</td></tr> </tbody> </table> <p><b>EXCEPTION:</b> (Applicable to AL, AS, RW, TS, AA, CO, DL, EA, FL, HA, NA, NC, NW, PA, PI, RV, SO, TW, UA, WA and WC only) no service charge will be imposed for Military passengers when transportation is paid for with a U.S. Government Transportation Request (Form No. 1169)</p> <p>(4) <b>Rerouting of Excursion Fare Ticket Due to Death of Family Member.</b> (Applicable via DL or EA. When a passenger holding a partially used excursion fare ticket, which is subject to a minimum return limit, is rerouted, pursuant to Rule 385 (C), to return to the point of origin prior to the earliest date permitted for return travel under the rules applicable to such excursion fare because of the death of a member of the passenger's immediate family, carrier will make a refund to the passenger as follows:</p> <p>(1) A refund will be made in the amount of the difference between the fare paid for the transportation used via the revised routing and the excursion fare that would have applied to the routing used if the passenger had complied with the minimum return limit applicable to such excursion fare.</p> <p>(2) Application for refund must be made on forms prescribed by carrier and stating thereon the name, relationship and date of death of the member of the passenger's immediate family.</p> <p>(3) The term immediate family, as used in this rule, means spouse, children, grandchildren, parents, brothers, sisters, daughter/son-in-law and father/mother-in-law.</p>		U.S. Currency	Canadian Currency	AL, NW	\$5.00	\$5.00	3, PA, TZ	\$5.00	\$5.05	RW, AS, TS, AA, CO, DL, EA, FL, HA, NA, NC, PI, RV, SO, TT, TW, UA, WA, WC	\$5.00	-
	U.S. Currency	Canadian Currency											
AL, NW	\$5.00	\$5.00											
3, PA, TZ	\$5.00	\$5.05											
RW, AS, TS, AA, CO, DL, EA, FL, HA, NA, NC, PI, RV, SO, TT, TW, UA, WA, WC	\$5.00	-											

(Continued on next page)

For explanation of abbreviations, reference marks and symbols used but unexplained herein, see Page 8.

ISSUED OCTOBER 29, 1974

EFFECTIVE NOVEMBER 28, 1974

ALLEGHENY AIRLINES RESPONSES TO AIRLINE QUESTIONNAIRE

[ Subcommittee note.---Allegheny inadvertently failed to respond to questions 1 thru 5 of the questionnaire.]

ALLEGHENY AIRLINES, INC.  
STATEMENT OF INCOME AND OTHER INFORMATION FOR THE TEN YEARS ENDED  
DECEMBER 31, 1973 AND NINE MONTHS ENDED SEPTEMBER 30, 1974

QUESTION NO. 6

	Years Ended December 31,										Nine Months Ended	
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	Sept. 30, 1974	
	(In thousands of dollars)											
Operating Revenues	\$ 26,206	\$ 32,006	\$ 43,098	\$ 54,797	\$ 82,874	\$ 109,282	\$ 141,812	\$ 162,249	\$ 242,246	\$ 294,953	\$ 251,573	
Passenger	2,844	3,643	4,518	4,553	6,039	7,405	9,167	10,575	16,033	22,157	16,897	
Mail, Freight & Express	635	330	129	25	18	61	310	703	702	943	189	
Charter	163	167	166	166	245	556	966	1,243	1,765	2,338	2,338	
Transport Related-Net	241	218	900	1,006	797	1,062	840	830	598	1,474	2,678	
Other	30,009	36,364	49,411	60,666	90,284	118,435	153,095	175,600	261,744	321,032	273,675	
Total Commercial	9,767	9,894	9,517	8,060	4,976	2,612	1,540	1,568	3,217	2,395	(15)	
Public Service	39,856	46,168	58,928	68,726	95,260	121,037	154,635	176,658	264,961	324,927	273,660	
Revenues	35,779	39,742	49,556	62,581	85,077	108,831	134,865	158,758	231,969	287,143	240,418	
Operating Expenses	2,538	3,027	5,167	7,456	9,434	9,890	10,302	11,434	15,537	17,746	13,185	
Cash Expenses and Depreciation and Amortization	39,317	42,769	54,723	70,037	94,511	118,721	145,167	170,192	247,506	304,889	253,653	
Expenses	1,539	3,399	4,205	(1,311)	749	2,316	9,468	6,466	17,455	20,038	20,657	
Operating Income (Loss)	747	864	2,495	4,449	6,150	7,519	7,878	7,116	9,314	11,296	9,336	
Nonoperating Expense (Income)	78	109	206	181	(55)	(55)	3	(287)	(155)	(139)	(139)	
Interest Expense	6	564	595	89	639	114	1,022	921	2,010	2,006	1,437	
Non-Airline Activities	831	1,537	3,296	4,719	6,789	7,578	8,903	8,037	11,165	13,015	10,634	
Other	708	1,862	509	(6,030)	(6,040)	(5,262)	565	(1,571)	6,290	7,023	9,423	
Taxes and Extraordinary Items	-	-	-	-	-	4,300	-	-	-	-	-	
Extraordinary Items	-	-	-	-	-	-	-	-	-	466	-	
Net Income (Loss) Before Taxes and Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	
Provision for Income Taxes	318	1,145	345	(603)	(1,205)	-	-	-	222	345	280	
Net Income (Loss)	390	717	564	(5,347)	(4,835)	(9,562)	565	(1,571)	6,068	6,212	9,143	
Preferred Dividend Requirement	133	108	53	46	21	-	-	-	620	611	458	
Net Income (Loss) Applicable to Common Stock	\$ 257	\$ 609	\$ 511	\$ (5,393)	\$ (4,856)	\$ (9,562)	\$ 565	\$ (1,571)	\$ 5,448	\$ 5,601	\$ 8,685	
Stockholder's Equity	\$ 7,543	\$ 10,730	\$ 13,908	\$ 18,898	\$ 22,592	\$ 13,702	\$ 20,766	\$ 27,765	\$ 53,552	\$ 69,088	\$ 68,990	
Net Return on Equity - Net Income (Loss) Divided by Stockholder's Equity	3.4%	5.7%	3.7%	(28.5)%	(21.5)%	(69.8)%	2.7%	(5.7)%	10.2%	9.5%	12.6%	
Passenger Load Factor	43.0%	43.3%	48.6%	43.8%	43.0%	41.8%	43.2%	44.0%	48.9%	48.4%	54.6%	

ALLEGHENY AIRLINES, INC.  
 STATEMENTS OF CHANGES IN FINANCIAL POSITION

QUESTION NO. 7

	Years Ended December 31,					Nine Months Ended
	1969	1970	1971	1972	1973	Sept. 30, 1974
	(In thousands of dollars)					
Working capital at beginning of year, as restated	\$ 20,226	\$ 4,353	\$ 3,464	\$ 8,612	\$ 10,245	\$ 13,043
Funds Provided During Year:						
Income (loss) before extraordinary items and cumulative effect of a change in accounting principle	(5,262)	295	(1,571)	4,546	5,186	6,883
Add charges against income not re- quiring funds:						
Depreciation and amortization	9,891	10,302	11,434	15,537	17,746	13,185
Charge equivalent to income taxes	-	270	-	1,522	1,492	2,260
Other costs	782	954	836	1,224	2,325	1,705
Funds derived from operations	5,411	11,821	10,699	22,829	26,749	24,033
Cumulative effect on years prior to 1973 of a change in the method of account- ing for vacation liability	-	-	-	-	(466)	-
Long-term debt assumed in acquisition of Mohawk	-	-	-	56,759	-	-
Issuance of long-term debt	-	11,386	4,527	20,055	4,011	18,500
Value of stock and warrants issued in acquisition of Mohawk	-	-	-	19,421	-	-
Sale of common stock and conversion and surrender of debentures	871	7,094	9,464	639	5	1,000
Reduction of property	4,467	3,092	4,549	2,325	1,789	6,153
Decrease (increase) in equipment deposits	9,148	150	100	-	(1,569)	(7,666)
Other	-	360	37	931	317	197
Total funds provided	19,897	33,903	29,376	122,959	30,836	42,217
Funds Used During Year:						
Equipment acquired in connection with Mohawk merger	-	-	-	49,258	-	-
Purchase of other property and equipment	24,613	17,919	6,873	24,232	3,314	29,748
Reduction of long-term debt	7,408	12,310	13,922	23,842	17,003	12,889
Route acquisition costs deferred	-	-	-	15,669	714	118
Development and preoperating costs deferred	1,950	1,747	510	2,836	2,023	77
Increase (decrease) in noncurrent prepaid expenses	1,027	1,362	2,013	4,788	4,209	(745)
Dividends paid on preferred stock	-	-	-	-	611	306
Stock and debt issue costs	97	600	894	595	79	35
Other	677	854	16	106	85	2,644
Total funds used	35,770	34,792	24,228	121,326	28,038	45,072
Net increase (decrease) in working capital	(15,873)	(889)	5,148	1,633	2,798	(2,855)
Working capital at end of year	\$ 4,353	\$ 3,464	\$ 8,612	\$ 10,245	\$ 13,043	\$ 10,188
Changes in working capital:						
Increase (decrease) in current assets:						
Cash	\$ (6,825)	\$ 6,070	\$ 2,501	\$ 10,056	\$ 3,499	\$ (8,805)
Short-term investments	(8,961)	-	-	-	-	-
Receivables	6,731	(1,852)	3,643	10,201	2,874	8,556
Spare parts and supplies	418	313	670	1,411	1,092	477
Prepaid expenses	1,156	2,445	221	5,234	(247)	(385)
	17,481	6,976	7,035	26,902	7,218	(157)
Increase (decrease) in current liabilities:						
Current maturities of long-term debt	673	5,111	(1,356)	4,668	(269)	(648)
Accounts payable	5,386	1,998	1,729	11,671	(1,499)	2,149
Traffic balances payable and unused tickets	1,879	326	1,351	4,069	3,322	989
Accrued expenses	454	430	163	4,661	2,866	208
	8,392	7,865	1,887	25,269	4,420	2,698
Net increase (decrease) in working capital	\$(15,873)	\$ (889)	\$ 5,148	\$ 1,633	\$ 2,798	\$ (2,855)

ALLEGHENY AIRLINES, INC.  
PURCHASES and LEASES OF NEW AIRCRAFT MADE IN THE  
FIVE YEARS ENDED DECEMBER 31, 1974

QUESTION NO. 8

		Aggregate Cost				
		No. Acft.	Including Modifications	Depreciation Policy		Financing
<u>Purchase of New Aircraft</u>						
1970	DC-9-31	3	\$13,500,000	15 Years	15% Residual Value	1/
1971	DC-9-31	1	4,634,000	15 Years	15% Residual Value	1/
1972		-	-			
1973		-	-			
1974	DC-9-31	<u>1</u>	<u>5,281,000</u>	15 Years	15% Residual Value	1/
Total		5	\$23,415,000			

1/ All five DC-9-31 aircraft were purchased by financing under the Company's Credit Agreement with various banks and insurance companies.

		No. Acft.	Lessor's Cost Plus Lessee's Modifications	Lease Period
<u>Lease of New Aircraft</u>				
1970		-	-	
1971	DC-9-31	1	\$ 4,584,000	12 Years
1972		-	-	
1973	DC-9-31	6	31,566,000	12 Years
1974		-	-	
Total		<u>7</u>	<u>\$36,150,000</u>	



ALLEGHENY AIRLINES, INC.  
OUTSTANDING CONTRACTS FOR THE PURCHASE OF  
AIRCRAFT AND OTHER MAJOR ITEMS OF EQUIPMENT

QUESTION NO. 9

The Company has a commitment to acquire eight DC-9-50 aircraft from McDonnell Douglas Corporation at an aggregate purchase price of \$57,000,000 for delivery between September and December 1975 and has an option to acquire an additional eight DC-9-50 aircraft at an aggregate purchase price of approximately \$58,000,000. In addition, the Company has a commitment to acquire four JT8D-17 engines from Pratt & Whitney at an aggregate purchase price of \$2,348,000. The Company has made equipment deposits as follows:

	<u>Deposits</u>
8 DC-9-50 Aircraft	\$8,958,000
8 DC-9-50 Aircraft (Options)	160,000
4 JT8D-17 Engines	<u>117,000</u>
	<u>\$9,235,000</u>

Allegheny is continually reviewing its future equipment needs. Currently there are no other planned purchases over the next five years.

ALLEGHENY AIRLINES, INC.  
SALARIES and BONUSES and OTHER COMPENSATION PAID TO  
THE TEN HIGHEST PAID EXECUTIVES FOR THE FIVE YEARS  
ENDED DECEMBER 31, 1974

QUESTION NO. 10

<u>Name and Title</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u> (Estimated)
Henry A. Satterwhite - Chairman of the Board of Directors	\$ 43,548	\$ 47,500	\$ 49,326	\$ 55,865	\$ 62,596
Leslie O. Barnes - President	110,327	123,500	128,250	141,234	158,654
Walter J. Short - Executive Vice President - Finance	62,288	65,000	71,100	75,000	82,211
Edwin I. Colodny - Executive Vice President - Marketing & Legal Affairs	61,385	65,000	71,100	75,000	82,211
L. Thomas Ferguson - Executive Vice President - Marketing Services	47,289	50,000	66,923	75,000	82,211
Eugene C. Taylor - Executive Vice President - Operations	62,289	65,000	71,100	75,000	82,211
W. Blake Thompson - Senior Vice President - Financial Planning	34,735	36,000	51,385	56,400	61,823
Harvey M. Thompson - Vice President - Flying	42,874	50,000	52,750	55,400	55,583
George N. Spooner - Senior Vice President - Market Planning & Revenue				43,346	50,769
Richard G. Dinning - Vice President	41,235	42,500	44,135	42,500	
Garner W. Miller - Vice President - Maintenance & Engineering					47,885
Rocco J. Masiello - Vice President Maintenance & Engineering *	46,927	50,000	54,673		

\* Resigned

QUESTION NO. 11

It is impossible for us to respond specifically to the questions asked. However, all possible steps would be explored including those mentioned. The effort would be continuous starting in the first year. It would necessarily include suspensions of service on loss routes and reduction in personnel. Exploration of merger possibilities with other carriers would be included.

Allegheny Airlines as a local service carrier would, of course, make application for federal subsidies under Section 406 of the Federal Aviation Act.

QUESTION NO. 12

The primary responsibilities of the CAB under the Federal Aviation Act are clearly set forth in the Act and are designed to develop a sound air transportation system. Each case would have to stand on its own merits. Under the Federal Aviation Act the CAB should not financially support a company whose management did not measure up to the statutory standard of providing an honest, economical and efficient management. However, the public, under the Act, should be protected and temporary financial help pending some financially sound long term solution such as merger might be necessary.

QUESTION NO. 13

Since 1938 (and indeed since 1958) the technology of air transportation has so dramatically changed that air carriers free from the geographical area constraints of the ordinary utility have made expansion and merger economically necessary and desirable. Efficiency in providing needed public service has tended to reduce the number of trunk air carriers, rather than to increase the number.

Today several supplemental carriers and 8 local service carriers provide essential and substantial services. It should be recognized that all local service carriers today are bigger than any trunkline was in 1938, and Allegheny Airlines, the largest of the local carriers, has greater commercial revenues than any of the trunklines had as late as 1958.

And, today local carriers provide effective competition to the trunklines in many dense short-haul markets, such as the Pittsburgh-Chicago, Pittsburgh-Philadelphia, Buffalo-Boston service provided by Allegheny.

QUESTION NO. 14

Unable to respond.

QUESTION NO. 15

As Allegheny's route system has developed, it has experienced continuing and dramatic growth. A major problem has been the need for additional investment to accommodate this growth. As this investment has increased, Allegheny's need for federal subsidy has declined and its profitability improved.

Allegheny will have a continuing need for capital to enable it to retire obsolescent aircraft and replace such aircraft with more efficient modern equipment. It will be difficult and expensive to attract this capital without a continuing record of profitability.

QUESTION NO. 16

In evaluating factors responsible for the airline industry's profit history in the past ten years, several have undoubtedly been influenced. With regard to the trunkline segment of the industry, the introduction of jet aircraft in the 1960's had a very favorable impact. In addition, CAB route policy had a favorable impact in many cases by strengthening the smaller regional trunklines. Perhaps the area in which the decision was most damaging to the profit picture of the industry was in one specific case, the Trans-Pacific Case decided in 1968-1969. This decision was one made by the President pursuant to his authority under Section 801 of the Federal Aviation Act. The overcertification in the Hawaiian and Pacific markets had a very significant impact on the earnings of several carriers and also may have led to the overcapacity due to excessive purchases of wide-bodied aircraft by carriers involved in the competitive Hawaiian operation.

With regard to the local service industry, the CAB's route strengthening program, which commenced in 1966, was a positive contribution to strengthening this industry and reducing the carriers' dependence on Federal subsidy. In those years in which the local industry's profit was inadequate, the primary reason was in the structure of the subsidy rate system which tended to reduce subsidy faster than the deficiencies could be made up by profits from the ineligible operations.

In the area of fare policy, the CAB until recent times has probably been too restrictive in permitting needed increases to offset inflation. However, the Domestic Passenger Fare Investigation, which was concluded by the CAB in 1974, should provide a long-term basis for improving the regulatory framework relating to passenger fare matters.

QUESTION NO. 17

Unable to respond.

QUESTION NO. 18

Probably the most meaningful unit of cost to measure the efficiency of an air carrier engaged primarily in passenger traffic is its total costs per available seat mile. In the local carrier industry (where available seat mile costs are higher than in the trunkline industry because of the short length of haul) the industry average cost was 5.42¢ per available seat mile for the year ended June 30, 1974. For this same period, Allegheny's cost per available seat mile was 5.26¢.

ALLEGHENY AIRLINES, INC.  
 ADVERTISING, OTHER PROMOTION and OFFICE RENTAL COSTS  
 FOR THE FIVE YEARS ENDED DECEMBER 31, 1974

QUESTION NO. 19

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u> (Estimated)
Advertising Costs	\$2,551,000	\$2,806,000	\$3,918,000	\$4,414,000	\$4,773,000
Other Promotion Costs	254,000	76,000	62,000	76,000	89,000
Total	<u>\$2,805,000</u>	<u>\$2,882,000</u>	<u>\$3,980,000</u>	<u>\$4,490,000</u>	<u>\$4,862,000</u>
Percent of Total Operating Expenses	<u>1.93%</u>	<u>1.69%</u>	<u>1.61%</u>	<u>1.47%</u>	<u>1.38%</u>

NOTE: Insignificant rental costs can be charged to advertising and promotional programs.

QUESTION NO. 20

As of December 1, 1974, the added cost of boarding an additional passenger at each departure is \$6.60.

QUESTION NO. 21

Not applicable to Allegheny.

Docket	Route	Date Filed	Date of Hearing	Date of Ultimate Disposition	Pending	Granted	Denied
22106	Evansville-Indianapolis	4/13/70	2/23/71	4/13/71		X	X
22300	Dayton-Chicago	6/22/70	No hearing required	2/9/71			
22578	Toledo-Grand Rapids	9/21/70	No hearing required	6/8/71		X	
22679	Cleveland-Kaneas City	10/26/70	Required	Request for hearing denied			
23037	Albany-Hartford	1/25/71	No hearing required	Request for hearing denied			
23119	Chicago-Indianapolis	2/18/71	No hearing required	Request for hearing denied		X	
23640	Burlington-Hartford	7/21/71	No hearing required	Request for hearing denied			
24088	Louisville-Memphis	12/23/71	No hearing required	Request for hearing denied	X		
24413	Detroit-Louisville	4/14/72	No hearing required	Request for hearing denied	X		
24457	Nashville	5/8/72	No hearing required	Request for hearing denied	X		
	Richmond-Washington			Request for hearing denied	X		
	Baltimore			Request for hearing denied	X		
	New York City			Request for hearing denied	X		
24582	Cincinnati-Washington	6/30/72		Request for hearing denied	X		
24638	Cleveland-Louisville	7/28/72		Request for hearing denied	X		
	Cincinnati			Request for hearing denied	X		
	Rochester			Request for hearing denied	X		
24793	Louisville-New Orleans	9/29/72		Request for hearing denied	X		
24794	Dallas-Pittsburgh	9/29/72		Request for hearing denied	X		
	Louisville			Request for hearing denied	X		
	Nashville			Request for hearing denied	X		
25301	Denver-Detroit	3/9/73		Request for hearing denied	X		
	Columbus			Request for hearing denied	X		
	Dayton			Request for hearing denied	X		
	Cincinnati			Request for hearing denied	X		
	Indianapolis			Request for hearing denied	X		



ROUTE APPLICATIONS FILED WITH THE CIVIL AERONAUTICS BOARD  
1970 - 1974

Route	Docket	Date Filed	Date of Hearing	Date of Ultimate Disposition	Pending	Granted	Denied
Boston-Toronto	26120	11/15/73	11/6/74		X		
Montreal-Albany	26655	4/26/74	No hearing required	12/74		X	
-Buffalo							
-Rochester							

NOTE: Under the column heading DATE OF HEARING, the quotation "No Hearing Required" means that the application was made under a CAB procedure that required no hearing for affirmative action by the CAB.

1/ Application dismissed as moot October 10, 1974.

2/ Application dismissed as stale, August 22, 1974.

In recent years the CAB has operated under a route moratorium policy denying entry authority to scheduled air carriers in new markets. While this policy can be justified in many heavily traveled markets where additional competition was created by Board decisions in the 1960's, it has also been applied where no effective competition exists and where new competitive services proposed by Allegheny should be authorized as in the public interest.

It is also recognized that the technical staff of the Board is extremely limited so that it cannot always make prompt, thorough analyses and conduct hearings on applications of substance that come before it.

Unnecessary delay is also created by Section 801 of the Federal Aviation Act which provides review and approval by the President of the United States on all certificate changes affecting international route authorities. Allegheny Airlines supports the recent resolution adopted by the American Bar Association on this subject, reducing this presidential authority. Copy is attached.

AMERICAN BAR ASSOCIATION

REPORT TO THE  
HOUSE OF DELEGATES

SECTION OF ADMINISTRATIVE LAW  
AND STANDING COMMITTEE ON AERONAUTICAL LAW

RECOMMENDATIONS

The Section of Administrative Law and Standing Committee on Aeronautical Law recommend adoption of the following:

WHEREAS, since 1959 the Association has supported reforms in administrative procedures relating to the President's participation in certification of United States Air Carriers for overseas and foreign routes,

WHEREAS, existing administrative procedures involve the President unnecessarily in disputes among U.S. domestic Air Carriers competing for such air routes, and

WHEREAS, the withdrawal of the President from such disputes can be accomplished in a manner which preserves the President's constitutional rights and obligations in the fields of national defense and

foreign relations while removing economic and domestic political considerations, and

WHEREAS, under present procedures there are impediments to judicial review of Civil Aeronautics Board action in such cases;

BE IT RESOLVED THAT: The American Bar Association supports the enactment of legislation to amend Section 801 of the Federal Aviation Act (49 U.S.C. §1461) by withdrawing from the President the power of review or approval of Civil Aeronautics Board actions to the extent that such cases involve certificates of public convenience and necessity to U.S. Air Carriers for overseas and foreign air transportation, such withdrawal to be accomplished in a manner which will preserve the President's constitutional rights and obligations in the fields of national defense and foreign relations, while (1) removing economic and domestic political considerations from the decision-making process, and (2) assuring availability of judicial review.

BE IT FURTHER RESOLVED THAT: The President or his designee is authorized to represent the Association in the furtherance of this resolution.

QUESTION NO. 23

Our applications for new route authority contained in the answer to question 22 provide a road map of Allegheny's interest in providing new services. Allegheny would consider entry into these markets because the services could be provided profitably to Allegheny in the individual markets and through the development of traffic flows within the present Allegheny system to new terminals. In many new route extensions the ultimate profitability is dependent upon the generation of traffic in which a carrier now participates over its system to and from a new terminal. Thus, a new route may well be profitable to Allegheny and provide an improved service to the public, whereas the same routes would not provide similar benefits if a different air carrier were selected to operate over such a new route. The Federal Aviation Act prohibits an air carrier from providing scheduled service over any route for which it does not have a certificate of public convenience and necessity.

QUESTION NO. 24

The regulation of transportation including railroads, shipping, trucking and airlines is essential to provide the public with needed services. Air transportation is the only form of transportation that does not operate on a fixed "road bed". Because of this fact, if any air transportation company could offer its services in any market of its choice, the air transportation system, as we know it today, would promptly collapse and disappear.

Freedom of entry would result in destructive competition in long-haul and dense markets. Unreliable service would result and bankruptcies would promptly occur. In the less profitable or unprofitable short-haul and less dense markets, service would cease. Economic devastation would not only hit the air carriers, but would vitally damage the economy of the country as a whole.

If freedom of entry were to be permitted, nationalization of air transportation would promptly follow. Unless nationalization of essential air transportation services is a goal, regulation excluding freedom of entry and including imposition of a reasonable compensatory fare structure is a necessity. If nationalization of air transportation is a goal, it should be accomplished by appropriate government take-over without the period of chaos and economic ruin resulting from free entry and freedom of carriers to set fares without regulation.

QUESTION NO. 25

Allegheny is not now involved in any route purchase or exchange proceeding. Such proposals should be expedited without full comparative hearings as they are today. If these proceedings were opened up to include applications of other interested carriers, a few, if any, agreements would be reached. Agreements are now approved unless they are contrary to the public interest. The history of the results of this test has confirmed the benefits to the public of this procedure.

Any purchase price for a route authority must depend on the ultimate profitability of the route as a part of the system of the purchasing carrier, and must be recoverable over a limited period of time from operating profits of that route, just as with any other capital expenditure.

QUESTION NO. 26

Allegheny does have excess obsolescent propeller aircraft today and is disposing of these aircraft without loss.

The following tabulation presents this history over the past two years.

	<u>Inventory May, 1973</u>	<u>Inventory Dec., 1974</u>
FH-227B	16*	1
F-27J	8	0

\*One aircraft is presently on a long-term lease program with an option to purchase.

In addition to the sale or lease of available aircraft, we have also sold or committed for sale from Allegheny's spares inventory approximately \$2,000,000.00 worth of material that is peculiar to these types of aircraft.

QUESTION NO. 27

Allegheny has only one "route". However, it has been suspended or deleted at certain communities where services have been little used. There is no present intention to resume service. The services were discontinued after appropriate CAB proceedings which determined that the services were not needed by the public. Other airlines are free to provide replacement service if approval is received from the CAB or if the proposed service falls within the Section 298 exemption of the Board's Economic Regulation. The following tabulation lists cities where Allegheny's services have been suspended or deleted.

I. Non-Allegheny Commuter Suspensions and Deletions

## A. Deletions:

Keene, New Hampshire, Docket 22973  
 Lawrenceville, Illinois/Vincennes, Indiana, Docket 24762  
 Lima, Ohio, Docket 26113  
 Martinsburg<sup>1</sup>/, West Virginia, Docket 22058  
 Marion, Indiana, Docket 24236  
 Olean, New York, Docket 26485  
 Portsmouth, Ohio, Docket 21957  
 Poughkeepsie, New York, Docket 24963  
 Wheeling<sup>2</sup>/, West Virginia, Docket 21851  
 Wilmington<sup>3</sup>/, Delaware, Docket 25009  
 Worcester, Massachusetts, Docket 22973

- 1/ Hyphenated with Hagerstown
- 2/ Hyphenated with Pittsburgh
- 3/ Hyphenated with Philadelphia/Camden

## B. Temporary Suspensions:

Grand Rapids, Michigan, Docket 26645  
 Kalamazoo, Michigan, Docket 25664  
 Kokomo-Logansport-Peru<sup>1</sup>/, Indiana, Docket 21389  
 South Bend, Indiana, Docket 26645  
 Zanesville-Cambridge, Ohio, Docket 21411

- 1/ Conditioned upon continued replacement service by Air Wisconsin. No Allegheny-Air Wisconsin service agreement is involved

In addition to the above, Allegheny has been suspended at the following cities and has contracted with commuter carriers to provide substitute services. This program has received the specific approval of the CAB in each instance. The cities have supported this substitution, substantial traffic increases have been generated, and the public interest well served.

II. Allegheny Commuter Suspensions

Altoona, Pennsylvania, Docket 23289  
Atlantic City, New Jersey, Docket 22083  
Bloomington, Indiana, Docket 24857  
Cape May, New Jersey, Docket 22083  
Clearfield-Philipsburg, Bellefonte State College,  
Pennsylvania, Docket 25228  
Danville, Illinois, Docket 20011  
Du Bois, Pennsylvania, Docket 20573  
Elkins, West Virginia, Docket 21126  
Hagerstown, Maryland, Docket 18912  
Hazelton, Pennsylvania, Docket 19884  
Jamestown, Virginia, Docket 26618  
Johnstown, Pennsylvania, Docket 20958  
Lancaster, Pennsylvania, Docket 24020  
Mansfield, Ohio, Docket 20951  
Massena, New York, Docket 21533  
Muncie-Anderson-Newcastle, Indiana, Docket 22260  
New London-Groton, Connecticut, Docket 25786  
Ogdensburg, New York, Docket 21533  
Oil City-Franklin, Pennsylvania, Docket 21295  
Plattsburgh, New York, Docket 26202  
Reading, Pennsylvania, Docket 24020  
Rutland, Vermont, Docket 21335  
Salisbury, Maryland, Docket 20871  
Saranac Lake-Lake Placid, New York, Docket 26202  
Terre Haute, Indiana, Docket 25199  
Trenton, New Jersey, Docket 23888  
Watertown, New York, Docket 26206

For your information, a copy of the Allegheny Commuter Report For 1973 more fully explaining this program contained in Volume II.

[The Allegheny Commuter Report For 1973 has been omitted.]



ALLEGHENY AIRLINES, INC.  
FUEL COST, 1972, 1973, 1974 and 1975

QUESTION NO. 28

	<u>1972</u>	<u>1973</u>	<u>1974</u> (Estimated)	<u>1975</u> (Estimated)
Fuel costs	\$25,539,000	\$31,714,000	\$48,610,000	\$61,886,000
Percent of Total Operating Expenses	10.32%	10.40%	13.82%	Unavailable
Cost per Gallon	11.31¢	12.97¢	21.51¢	27.00¢
Increase (Decrease) in Cost per Gallon	(.99)¢	1.66¢	- 8.54¢	5.49¢
Percentage Increase (Decrease) in Cost per Gallon	(8.1)%	14.7%	65.8%	25.5%

QUESTION NOS. 29-30

Not applicable.

QUESTION NO. 31

Allegheny believes that there should be a minimum of two unrestricted carriers certificated to serve any dense traffic route. This competition is beneficial to the carriers, the industry and the public. Where two or three carriers now are in active competition over a particular route, more competition by additional carriers may have a harmful effect on the industry and on Allegheny with respect to its service over such route.

However, a significant number of markets certificated to trunk carriers are not being served by these carriers. Within Allegheny's area of service, many such markets exist and can economically support active competition. The CAB should have greater authority to take away certificate authority where it is now dormant or only token service is provided.

QUESTION NO. 32

The effect on the industry would be chaotic. See answer to questions 23 and 24.

QUESTION NO. 33

Not applicable.

Decisions with regard to the frequency of schedules and aircraft type to be operated in a given market are based on several factors including the following:

1. Certificate obligation,
2. Market size,
3. Competitive factors,
4. Level of traffic required to achieve a profitable operation, and
5. Relationship of specific market flows for scheduling purposes (e.g., whether the segment is a "bridge" segment).

In deciding which markets to promote heavily, the Company considers the long-range profit potential, and its ability to compete effectively if the market is a competitive one. Advertising effort is directed primarily at markets with significant revenue potential.

Decisions with regard to scheduling are made in the office of the Senior Vice President - Market Planning, who reports directly to the President. In addition, the marketing and operating departments are part of the decision processes because of their direct concern with the schedule patterns.

QUESTION NOS. 35-36

Allegheny provides only one class of service with its fares based on coach fares of the airline industry.

QUESTION NO. 37

Allegheny must continue its growth to operate with greater efficiency. Because unit costs improve with longer stage length of flights and longer passenger journeys, the area of growth must be in such markets. These markets are available within Allegheny's present system if restrictions now in force are lifted. Also they are available in expansion of the present system to logical new terminals where competition is needed and improved service would result for Allegheny's present passengers to and from such terminals who are now forced to use two carrier connecting services.

The end result would be a more efficient Allegheny operation and improved service to the public.

QUESTION NO. 38

Allegheny is unable to quantify additional costs imposed as the result of CAB reporting and ticketing requirements. However, to conduct a scheduled airline business and to properly serve the public, most Civil Aeronautics Board filings and the data reported are necessary for management. The additional costs imposed by CAB regulation are thus modest.

QUESTION NO. 39

Unable to respond.

QUESTION NO. 40

Prior to 1973 Allegheny did not break out separately its costs related to Civil Aeronautics Board proceedings.

1973 Total Costs	\$143,404
First 9 Months, 1974	\$150,433

ALLEGHENY AIRLINES, INC.  
 TOTAL NUMBER OF PASSENGERS ENPLANED DURING  
 THE PERIOD JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 41

	<u>Total Passengers Enplaned Scheduled Service</u>
1972	9,354,200
1973	10,822,357
Nine Months Ended September 30, 1974	8,258,955

ALLEGHENY AIRLINES, INC.  
 TOTAL NUMBER OF FLIGHTS SCHEDULED TO OPERATE  
 DURING THE PERIOD JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 42

	<u>Total Scheduled Departures</u>
1972	378,581
1973	400,883
Nine Months Ended September 30, 1974	246,906

ALLEGHENY AIRLINES, INC.  
 TOTAL NUMBER OF FLIGHTS ACTUALLY OPERATED DURING  
 THE PERIOD JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 43

	<u>Total Actual Departures (Scheduled Service)</u>
1972	355,998
1973	389,155
Nine Months Ended September 30, 1974	241,437

QUESTION NO. 44

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Consumer Affairs	4	5	6
Central Baggage Service	6	10	11
Air Freight Claims	2	2	2

NOTE: Above figures do not include all Customer Service personnel, clerical and administrative personnel and personnel at field stations who handle baggage problems.

QUESTION NO. 45

<u>1972</u>	6,960
<u>1973</u>	8,574
<u>1974</u>	9,535

NOTE: The Consumer Affairs Department was reorganized in July of 1973 and a more active program of soliciting comments from passengers was developed.

QUESTION NO. 46

<u>1972</u>	4,982
<u>1973</u>	6,815
<u>1974</u>	8,240

QUESTION NO. 47

<u>1972</u>	\$73,907
<u>1973</u>	\$83,596
<u>1974</u>	\$73,173

QUESTION NO. 48

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Consumer Affairs	\$ 6,446	\$ 18,562	\$ 16,199
Air Freight Claims	\$137,113	\$266,064	\$209,621

NOTE: Does not include baggage mishandling costs or denied boarding compensation.

QUESTION NO. 49

63%

NOTE: Only available by a random sampling.

QUESTION NO. 50

57%

NOTE: Only available by random sampling.

QUESTION NO. 51

Under unusual circumstances where it is felt that a moral or ethical obligation requires waiver of the tariff language.

QUESTION NO. 52

Department heads and field personnel receive periodic reports. They routinely conduct inquiries to determine the facts, causes and steps that might be taken to relieve or eliminate problem areas

In the case of complaints alleging personnel discourtesy, disinterest, compromises of safety or serious service failures, department heads are notified immediately.

QUESTION NO. 53

Flight delays

Flight cancellations

Interrupted trip handling (passengers' amenities, re-routings, accommodations, etc.)

QUESTION NO. 54

<u>1972</u>	95,647
<u>1973</u>	121,439
<u>1974</u>	98,767

NOTE: Includes delayed, lost, pilfered and damage baggage. Also mishandlings of other carriers but processed by Allegheny as the terminating carrier.

QUESTION NO. 55

<u>1972</u>	1,087
<u>1973</u>	1,491
<u>1974</u>	1,383

NOTE: Includes interline prorates.

QUESTION NO. 56

<u>1972</u>	82,567
<u>1973</u>	103,777
<u>1974</u>	83,676

QUESTION NO. 57

<u>1972</u>	11,896
<u>1973</u>	15,989
<u>1974</u>	13,568

QUESTION NO. 58

<u>1972</u>	230
<u>1973</u>	441
<u>1974</u>	389

NOTE: Includes interline prorates.

QUESTION NO. 59

<u>1972</u>	\$427,543
<u>1973</u>	\$639,463
<u>1974</u>	\$609,195

QUESTION NO. 60

<u>1972</u>	\$209,304
<u>1973</u>	\$308,950
<u>1974</u>	\$288,350

NOTE: Includes interline prorates.



QUESTION NO. 61

<u>1972</u>	\$140,553
<u>1973</u>	\$210,520
<u>1974</u>	\$195,966

QUESTION NO. 62

<u>1972</u>	\$ 33,062
<u>1973</u>	\$ 47,687
<u>1974</u>	\$ 52,818

QUESTION NO. 63

<u>1972</u>	\$ 14,053
<u>1973</u>	\$ 30,146
<u>1974</u>	\$ 27,805

NOTE: Includes interline prorates.

QUESTION NO. 64

<u>1972</u>	\$ 30,571
<u>1973</u>	\$ 42,160
<u>1974</u>	\$ 44,256

NOTE: Includes interline prorates.

QUESTION NO. 65

<u>1972</u>	\$423,081
<u>1973</u>	\$555,217
<u>1974</u>	\$476,785

NOTE: Includes interline prorates.

QUESTION NO. 66

<u>1972</u>	25%
<u>1973</u>	23%
<u>1974</u>	25%

QUESTION NO. 67

No data is compiled or maintained on this subject, but it is a minimal figure.

QUESTION NO. 68

<u>1972</u>	11%
<u>1973</u>	22%
<u>1974</u>	24%

NOTE: The low level of these percentage figures is the result of the need to reduce many claims by the application of depreciation.

QUESTION NO. 69

No figures are maintained in this area.

QUESTION NO. 70

Proof of ownership of baggage is determined by the bearer of a baggage check as noted on Conditions of Contract printed on the back of passenger's ticket. Additional explanation is provided in our answer to question #75.

QUESTION NO. 71

Specific criteria is available in our Passenger Service Manual (Section 7-1, Pages 1 thru 5. Reference is made to this information on the Notice of Baggage Liability Limitations posted at each gate and check-in position, and is printed on our tickets. Our published timetables also provide additional information (page 4), entitled "BAGGAGE". See Volume II.

QUESTION NO. 72

This is an area of primary concentration by our Security Department when conducting Physical Security Surveys at stations. Appropriate measures are taken at the station level. We have "positive" (monitored) claim areas at two of our major stations which have experienced high loss/theft rates. Similar programs are planned for other major Allegheny stations. Temporary positive programs are instituted at major stations during peak travel periods

QUESTION NO. 73

Passenger: Reports to field station that something is missing from luggage.

Field Station: Completes report and relays information to Central Baggage Services.

Central Baggage Services: Advises Security Department, Director of Ground Services and Retional Director(s) concerned. Also creates a file, sends claim forms and settles claims.

QUESTION NO. 74

Our time frame goals are 30-45 days. Actual experience varies with volumes at peak periods during the year.

QUESTION NO. 75

We request copies of baggage checks and flight coupon receipts. Also request copies of receipts, cancelled checks, charge invoices or other verification for items valued in excess of \$100.00, and less than one year old at time of loss. Allegheny, as does most domestic carriers, shares a computer which stores names and addresses of claimants for a 24-month period. See Volume II.

QUESTION NO. 76

The procedure to confirm requests for seats during periods when the computers are down is technical in nature and is contained in Section 10-50, pages 1-20 of the Allegheny Reservations Manual. We believe that the procedures insure a reliable reservations service during such periods. See Volume II.

[This material is omitted. It is on file with the Subcommittee.]

QUESTION NO. 77

As Allegheny has grown from 30,000 passengers per month to 30,000 passengers per day, it has become economically impossible to audit all tickets for the correct fare. Only interline fare billings are fully audited.

However, the development of the art of automated ticketing has virtually eliminated the problem for most of our passengers. Automated ticketing (the DIAN PRINTER) was introduced a year ago and today is used in the sixteen largest ticketing stations on the system, and its use is being expanded. Approximately 69% of all tickets sold are now produced by this process, and fare computation error is eliminated.

QUESTION NO. 78

Allegheny's processing of ticket refunds is completed within approximately two weeks. Only where a credit card has been used for the purchase is the customer further delayed in actual receipt of the refund.

QUESTION NO. 79

No information available.

QUESTION NO. 80

The procedures for notifying passengers of schedule changes are contained in the Reservations Manual, Sections 7-90; 7-91; 7-92 and 7-94. We believe these procedures provide a reliable service to the public. See Volume II.

QUESTION NO. 81

Our lost/replacement ticket procedures are described in our Passenger Service Manual (Section 3-25, pages 1-3. See Volume II.

QUESTION NO. 82

Allegheny does not maintain clubs or VIP lounges.

ALLEGHENY AIRLINES, INC.  
 NUMBER OF PASSENGERS DENIED BOARDING ON FLIGHTS  
 FOR WHICH THEY HAD CONFIRMED RESERVATIONS  
 OR VALID TICKETS DURING THE PERIOD  
 JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 83

1972	5,778
1973	4,847
Nine Months Ended September 30, 1974	4,209

ALLEGHENY AIRLINES, INC.  
 NUMBER OF PASSENGERS ELIGIBLE FOR DENIED  
 BOARDING COMPENSATION DURING THE PERIOD  
 JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 84

1972	3,329
1973	2,787
Nine Months Ended September 30, 1974	2,498

1940

ALLEGHENY AIRLINES, INC.  
NUMBER OF PASSENGERS NOT ELIGIBLE FOR DENIED BOARDING  
COMPENSATION BECAUSE OF EQUIPMENT SUBSTITUTIONS DURING THE PERIOD  
JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 85

1972	2,449
1973	2,060
Nine Months Ended September 30, 1974	1,711

ALLEGHENY AIRLINES, INC.  
NUMBER OF PASSENGERS NOT ELIGIBLE FOR DENIED BOARDING  
COMPENSATION BECAUSE OF GOVERNMENT REQUISITION OF SPACE  
FOR THE PERIOD JANUARY 1, 1972 through SEPTEMBER 30, 1974

QUESTION NO. 86

1972	None
1973	None
Nine Months Ended September 30, 1974	None

## ALLEGHENY AIRLINES, INC.

QUESTION NO. 87

NUMBER OF PASSENGERS NOT ELIGIBLE FOR DENIED BOARDING  
 COMPENSATION BECAUSE OF FAILURE TO MEET CHECK IN OR TICKETING  
 REQUIREMENTS DURING THE PERIOD JANUARY 1, 1972 through SEPTEMBER 30, 1974

1972	Unavailable
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1973	Unavailable
------	-------------

Nine Months Ended September 30, 1974	Unavailable
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## ALLEGHENY AIRLINES, INC.

QUESTION NO. 88

NUMBER OF PASSENGERS NOT ELIGIBLE FOR DENIED BOARDING  
 COMPENSATION BECAUSE THE CARRIER WAS ABLE TO REBOOK THE  
 PASSENGER ON A FLIGHT SCHEDULED TO ARRIVE WITHIN  
 TWO HOURS OF THE ORIGINAL FLIGHT DURING THE PERIOD  
 JANUARY 1, 1972 through SEPTEMBER 30, 1974

1972	Unavailable
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1973	Unavailable
------	-------------

Nine Months Ended September 30, 1974	Unavailable
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QUESTION NO. 89

<u>1972</u>	\$144,216
<u>1973</u>	\$ 71,381
<u>1974</u>	\$114,348

QUESTION NOS. 90-92

Allegheny does not offer conditional reservations.

QUESTION NOS. 93-94

Allegheny makes no distinction between "ok" (no-record) passengers and those with a reservation history. Both are considered "confirmed" in all boarding procedures. The procedures are described in full in our Passenger Service Manual (Section 6-99, pages 1 thru 14), a copy of which is contained in Volume II.

QUESTION NO. 95

<u>1972</u>	2,458
<u>1973</u>	2,201
<u>1974</u>	1,216

QUESTION NO. 96

<u>1972</u>	\$181,453 - Hotels
	\$ 57,875 - Food
	\$394,610 - Non-scheduled transportation
	\$ 25,381 - Miscellaneous
<u>1973</u>	\$255,340 - Hotels
	\$104,497 - Food
	\$482,820 - Non-scheduled transportation
	\$ 14,101 - Miscellaneous
<u>1974</u>	\$294,683 - Hotels
	\$ 99,047 - Food
	\$464,635 - Non-scheduled transportation
	\$ 2,083 - Miscellaneous



QUESTION NO. 97

The information originates at the appropriate source, usually from a station or a flight. Because of the complexity of an airline operation and its sophisticated communication abilities, the procedures themselves appear to be complex. However, the information proceeds through operations to the reservations centers and stations where it is available to the public. At reservations and information centers it is available to our agents from a computer. At stations the information comes directly from the operations' center and is immediately available to the public from agents themselves, from arrival and departure boards, and at the larger stations from closed circuit television screens.

The procedures are detailed in several manuals and copies of the appropriate sections of each are contained in Volume II.

- [\*] Ground Services Manual:           Section 1-20, pages 1-21;  
  Section 1-37, page 1;
- [\*] System Control Pacer Manual:    Section 3-5, pages 1 and 2;  
  Section 3-7, pages 1-3;  
  Section 3-9, pages 1-3;  
  Section 3-12, pages 1-4;  
  Section 3-14, pages 1-3;  
  Section 3-16, pages 1 and 2;  
  Section 3-18, pages 1-6;  
  Section 3-19, pages 1 and 2;  
  Section 3-20, pages 1 and 2;
- Reservations Manual:                Section 6-20, pages 1-9;
- Passenger Service Manual:          Section 6-48, pages 1 and 2;  
  Section 6-50, pages 1-12.

[\*Omitted. This material is on file with the Subcommittee.]

QUESTION NO. 98

Allegheny's procedures are contained in Chapter 6-75, pages 1-7 of its Passenger Service Manual, contained in Volume II.

Allegheny Airlines has taken steps in recent years to simplify tariff construction and to prevent error in charging its passengers. These steps include:

1. The implementation of a computerized direct fare quote system in conjunction with Allegheny's PACER reservations system.
2. The implementation of automated ticketing whereby passenger tickets are machine printed so as to include the proper fare.
3. Implementation by Air Tariff Publishers, Inc. of computerized tariff publication.
4. Increases in the number of published point-to-point joint fares.

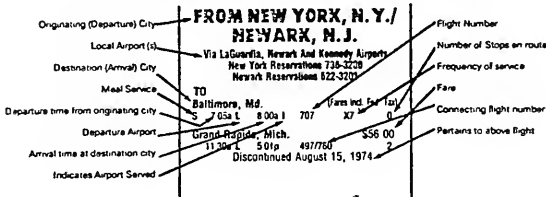
## Allegheny Airlines Additional Response to Questions 70 &amp; 75

## Page 4 of current Allegheny Timetable

## SYMBOLS

DAYS	AIRPORTS	MEALS
1—Monday	K—Kennedy Int'l Airport	B—Breakfast
2—Tuesday	I—Baltimore/Washington Int'l Airport	L—Lunch
3—Wednesday	M—Midway	D—Dinner
4—Thursday	L—LaGuardia Airport	S—Snack
5—Friday	N—Newark Airport	
6—Saturday	W—National Airport	Beverage Service is available on all flights except commuter flights.
7—Sunday	D—Metropolitan Airport	
X—Except	O—O'Hare	
	S—Igor I. Sikorsky Memorial Airport	
	H—Tweed New Haven Airport	

Flights 400 to 599 are operated by BAC 1-11 jets; flights 600 to 799 are operated by Convair 580 prop jets; flights 800 to 999 are operated by Douglas DC-9 jets and flights C1 through C39 are Allegheny Commuter flights operated with Beech 99, DeHavilland Twin Otter, DeHavilland Heron or Nord 262 equipment.



**SCHEDULES AND FARES:** All schedules and fares contained herein are subject to change without notice. Since weather and factors affecting operational safety may require delay or cancellation, the schedules contained herein reflect only expected local arrival and departure times and are not guaranteed. During holiday periods our schedules will be adjusted slightly. Please check with your nearest Allegheny ticket or reservation office for these changes. Carrier is not responsible for errors contained in the printed schedule.

**"C":** Allegheny Commuter - all flights designated with the prefix C are operated with Beech 99, Nord 262, DeHavilland Heron and DeHavilland Twin Otter equipment, under Allegheny's trademark, "Allegheny Commuter" provided by independent corporations under agreements with Allegheny.

**Security Surcharge:** Tickets issued in the U.S. are subject to a special security surcharge of \$ .37 per flight coupon including tax. This charge is in addition to all other fares and charges.

## INTERNATIONAL AND DOMESTIC TRAVEL

**Reservations:** Reservations should be made by telephone or at any Allegheny ticket office or travel agency. Reservations are valid only after the purchase of a ticket.

**Check-in Times:** In order to expedite flight departures, Allegheny will cancel the reservation of any isolated passenger who does not present himself at the ticket-office position by scheduled departure time.

**Baggage:** Within the United States and Canada, carrier will transport, without charge, two checked bags for each passenger. Passenger may also check or carry on, without charge, additional baggage which is capable of being stowed under the passenger's seat. Charges for additional or oversized luggage are based upon applicable passenger fares. Sporting equipment will include only the following items: Bowling equipment, fishing equipment, golfing equipment, skiing equipment and sporting pistols, rifles and shotguns. Sporting firearms will be transported only subject to advance arrangements with the carrier. Check any Allegheny ticket office for details.

**Carrier's liability for damage to, loss of, or delay in delivery of baggage is limited to \$500 per fare-paying passenger unless a higher valuation is declared and additional charges paid in advance. Claims for loss of, damage to, or delay in delivery of baggage or other personal property must be made within 65 days when the transportation involves trips wholly within the United States. Claims for loss of or damage occurring on trips involving international travel, in any part, must be reported forthwith after arrival, but in any case in writing within 21 days in the case of loss, or 7 days in the case of damage.**

**Pets:** certain over-size, fragile and perishable articles may not be accepted for transportation or may require advance arrangements. Contact any Allegheny ticket office for details. Fragile and perishable articles will be transported at the risk of the passenger only. **Restricted Articles:** Acids, poisons, inflammable liquids and other hazardous articles must not be packed in baggage. Air and FM radio receivers and TV receivers must not be used

on board aircraft in order to avoid disturbances of the aircraft's electronic Navigational equipment, nor may "Visible Fluid" lighters be used on board aircraft.

**Forms of Payment:** Carrier will honor most major credit cards for local transportation on Allegheny. Check any Allegheny ticket office for other rules governing credit cards. Allegheny's Winter-own Tickets, personal checks (if accompanied by appropriate identification) are also accepted for transportation.

**Children's Fares:** (1) One child under 2 years of age, not occupying a seat and accompanied by a passenger at least 12 years of age will be transported without charge. (2) Children under 2 years of age occupying a seat and accompanied by a passenger at least 12 years of age charged 66% percent of the applicable full fare. (3) Children between 2 and 11 years of age inclusive when accompanied by a passenger at least 12 years of age, are charged 66% percent of the applicable full fare. NOTE: Carrier will not transport a child under 5 years of age when unaccompanied and children between 5 and 11 years of age inclusive will be charged the applicable full fare when unaccompanied by a passenger at least 12 years of age. Check any Allegheny ticket office for other rules governing unaccompanied children.

**Taxes:** All tickets purchased within the United States are subject to an 8 percent federal transportation tax. Tickets purchased in the State of Indiana for transportation wholly within Indiana are subject to an additional 1.8 percent state tax. Round trip tickets purchased in Montreal or Toronto for travel originating in Canada with a stopover in the U.S. are subject to the \$3.00 international transportation tax.

## INTERNATIONAL TRAVEL

**Travel Documents:** For international travel, passengers must possess valid passports, visas, certificates and such other documents as are required by the laws of the country of destination or any country enroute. Carrier will not be responsible for any delay or inconvenience arising from the failure of any passenger to comply with such governmental regulations. Specific information may be obtained at any Allegheny ticket office or travel agency. **Customs:** Baggage of international passengers may be examined upon arrival by customs officials of each country visited. Articles intended for personal use during travel are generally admitted free of duty. Gifts, any merchandise for sale, samples and articles transported for other persons are subject to duty. **Agricultural Restrictions:** Importation into the United States of plant and animal products is governed by federal law. Consult the U.S. Department of Agriculture for details.

The foregoing information is taken, in part, from the tariffs filed by the carrier with the Civil Aeronautics Board and certain state regulatory agencies. All transportation provided by the carrier is subject to these tariffs and the Conditions of Contract printed on the reverse side of the passenger ticket. Copies of the carrier's tariff are available for inspection at all Allegheny ticket offices.

## Allegheny Airlines Ticket Notices

## NOTICE

If the passenger's journey involves an ultimate destination or stop in a country other than the country of departure the Warsaw Convention may be applicable and the Convention governs and in most cases limits the liability of carriers for death or personal injury and in respect of loss of or damage to baggage. See also notice headed "Advice to International Passengers on Limitation of Liability."

## CONDITIONS OF CONTRACT

1. As used in this contract "ticket" means this passenger ticket and baggage check of which these conditions and the notices form part. "Carriage" is equivalent to "transportation." "Carrier" means all air carriers that carry or undertake to carry the passenger or his baggage hereunder or perform any other service incidental to such air carriage. "WARSAW CONVENTION" means the Convention for the Unification of Certain Rules Relating to International Carriage by Air signed at Warsaw, 12th October 1929, or that Convention as amended at The Hague, 28th September 1955, whichever may be applicable.
2. Carriage hereunder is subject to the rules and limitations relating to liability established by the Warsaw Convention unless such carriage is not "international carriage" as defined by that Convention.
3. To the extent not in conflict with the foregoing carriage and other services performed by each carrier are subject to: (i) provisions contained in this ticket, (ii) applicable tariffs, (iii) carriers' conditions of carriage and related regulations which are made part hereof (and are available on application at the offices of carriers), except in transportation between a place in the United States or Canada and any place outside thereof to which tariffs in force in those countries apply.
4. Carrier's name may be abbreviated in the ticket, the full name and its abbreviation being set forth in carrier's tariffs, conditions of carriage, regulations or timetables; carrier's address shall be the airport of departure shown opposite the first abbreviation of carrier's name in the ticket; the agreed stopping places are those places set forth in the ticket or as shown in carrier's timetables as scheduled stopping places on the passenger's route; carriage to be performed hereunder by several successive carriers is regarded as a single operation.
5. An air carrier issuing a ticket for carriage over the lines of another air carrier does so only as its agent.
6. Any exclusion or limitation of liability of carrier shall apply to and be for the benefit of agents, servants and representatives of carrier and any person whose aircraft is used by carrier for carriage and its agents, servants and representatives.
7. Checked baggage will be delivered to bearer of the baggage check, in case of damage to baggage moving in international transportation complaint must be made in writing to carrier forthwith after discovery of damage and, at the latest, within 7 days from receipt, in case of delay, complaint must be made within 21 days from date the baggage was delivered. See tariffs or conditions of carriage regarding non-international transportation.
8. This ticket is good for carriage for one year from date of issue, except as otherwise provided in this ticket, in carrier's tariffs, conditions of carriage, or related regulations. The fare for carriage hereunder is subject to change prior to commencement of carriage. Carrier may refuse transportation if the applicable fare has not been paid.
9. Carrier undertakes to use its best efforts to carry the passenger and baggage with reasonable dispatch. Times shown in timetables or elsewhere are not guaranteed and form no part of this contract. Carrier may without notice substitute alternate carriers or aircraft, and may alter or omit stopping places shown on the ticket in case of necessity. Schedules are subject to change without notice. Carrier assumes no responsibility for making connections.
10. Passenger shall comply with Government travel requirements, present exit, entry and other required documents and arrive at airport by time fixed by carrier or, if no time is fixed, early enough to complete departure procedures.
11. No agent, servant or representative of carrier has authority to alter, modify or waive any provision of this contract.

CARRIER RESERVES THE RIGHT TO REFUSE CARRIAGE TO ANY PERSON WHO HAS ACQUIRED A TICKET IN VIOLATION OF APPLICABLE LAW OR CARRIER'S TARIFFS, RULES OR REGULATIONS  
ISSUED BY ALLEGHENY AIRLINES, INC.  
SOLD SUBJECT TO TARIFF REGULATIONS

## ADVICE TO INTERNATIONAL PASSENGERS ON LIMITATION OF LIABILITY

Passengers on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination. For such passengers on a journey to, from, or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain carriers, parties to such special contracts, for death or personal injury to passengers is limited in most cases to proven damages not to exceed U. S. \$75,000 per passenger, and that this liability up to such limit shall not depend on negligence on the part of the carrier. The limit of liability of U. S. \$75,000 above is inclusive of legal fees and costs except that in case of a claim brought in a state where provision is made for separate award of legal fees and costs, the limit shall be the sum of U. S. \$58,000 exclusive of legal fees and costs. For such passengers traveling by a carrier not a party to such special contracts or on a journey not to, from, or having an agreed stopping place in the United States of America, liability of the carrier for death or personal injury to passengers is limited in most cases to approximately U. S. \$9,000 or U. S. \$18,000.

The names of carriers, parties to such special contracts, are available at all ticket offices of such carriers and may be examined on request.

Additional protection can usually be obtained by purchasing insurance from a private company. Such insurance is not affected by any limitation of the carrier's liability under the Warsaw Convention or such special contracts of carriage. For further information please consult your airline or insurance company representative.

## NOTICE OF BAGGAGE LIABILITY LIMITATIONS

Liability for loss, delay, or damage to baggage is limited as follows unless a higher value is declared in advance and additional charges are paid: (1) For most international travel (including domestic portions of international journeys) to approximately \$8.16 per pound (\$18.00 per kilo) for checked baggage and \$360 per passenger for unchecked baggage; (2) For travel wholly between U.S. points, to \$500 per passenger on most carriers (a few have lower limits). Excess valuation may not be declared on certain types of valuable articles. Carriers assume no liability for fragile or perishable articles. Further information may be obtained from the carrier.

1947

THD

**PHL**  
 PHILADELPHIA

FLIGHT

ALLEGHENY AIRLINES

ALLEGHENY AIRLINES

Baggage checked subject to tariffs, including limitations of liability therein contained.

This is not the Luggage Ticket (Baggage Check) described by Article 4, of the Warsaw Convention.

PHILADELPHIA

PTD  
U.S.A.

69-76-82

69-76-82

CP100-B

ABC # 55252  
PRINTED IN U.S.A.

INTERLINE

BAGGAGE TAG

ALLEGHENY AIRLINES

FINAL DESTINATION

B

PCS.

AIRLINE

FLIGHT

TOTAL WT.

AL41-51-48

TO

AIRLINE

FLIGHT

 THIS IS NOT THE LUGGAGE TICKET  
 (BAGGAGE CHECK) DESCRIBED BY ARTICLE 4 OF  
 THE WARSAW CONVENTION

TO

AIRLINE

FLIGHT

INTERLINE BAGGAGE

CLAIM TAG

 BAGGAGE CHECKED SUBJECT TO TARIFFS, INCLUDING  
 LIMITATIONS OF LIABILITY THEREIN CONTAINED.
ABC # 55199  
PRINTED IN U.S.A.
**ALLEGHENY AIRLINES**  
 ON-LINE TRANSFER BAGGAGE CLAIM CHECK

Final Destination

Flight

To

Flight

PASSENGER'S CLAIM CHECK

To

Flight

99-22-91

 Baggage checked subject to tariffs, including  
 limitations of liability therein contained. This  
 is not the Luggage Ticket (Baggage Check)  
 described by Article 4, of The Warsaw Convention.



#### ◄ BAGGAGE ALLOWANCE

Each passenger traveling on Allegheny and other airlines is allowed free of charge to check or carry a certain amount of baggage. Allegheny reserves the right to inspect baggage contents, should this be necessary. If passenger refuses to permit inspection in such a situation, we refuse acceptance of his baggage.

#### Allegheny Rules for Acceptance

Each passenger traveling on Allegheny is allowed:

- 1 piece of checked baggage with the total dimensions, Height + Width + Length (H+W+L) not over 62" and
- 1 piece of checked baggage with the total dimensions (H+W+L) not over 55" and

Note: Military passengers may substitute  
1 checked duffel bag or 1 checked B-4  
bag or 1 checked sea bag in place of  
the above two items.

- 1 or more pieces of baggage for checking OR carry-on (not both) when measured together (if more than 1 piece) have combined total dimensions (H+W+L) not over 45".
- Garment bags may be carried on if they contain equivalent of 2 suits or less, and placed in the coat compartment or overhead rack.

Note: When accepting as carry-on baggage you must determine that the article(s) will fit under one seat. All items that will not fit under one seat must be checked.

continued . . .



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 6 BAGGAGE ALLOWANCE (CONT'D)
Allegheny Rules for Acceptance (cont'd)

- 1 item of sporting equipment as follows:

<u>Category</u>	<u>The 1 Item Includes:</u>
Bowling	1 bowling ball, 1 bowling bag, and 1 pair of bowling shoes.
Fishing	2 rods, 1 creel, 1 landing net, 1 pair of fishing boots properly encased, and 1 fishing tackle box.
Golf	1 golf bag containing not more than 14 golf clubs, 12 golf balls, and 1 pair golf shoes.
Shooting-Pistols	1 pistol case containing not more than 5 pistols, 5 pounds of ammunition, noise suppressors, 1 pistol telescope and small pistol tools.
Shooting-Rifles	1 rifle case containing not more than 2 rifles, with or without scopes, 5 pounds of ammunition, 1 shooting mat, noise suppressors, and small rifle tools.
Shooting-Shotguns	2 shotguns and 2 shotgun cases.
Skiing	1 pair each of skis, ski poles, ski bindings, and ski boots.

N

Note: On Commuter flight skis are accepted subject to availability of cargo space.

continued . . .



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¢ BAGGAGE ALLOWANCE (CONT'D)

Allegheny Rules for Acceptance (cont'd)

Do not include the following items in the free allowance if they are carried by the passenger:

- handbag or pocketbook
- overcoat
- foot rug
- umbrella or walking stick
- camera and binoculars
- infants food for use enroute
- reasonable amount of reading material.

Wheelchair

If the passenger is incapacitated and has a wheelchair, accept it without charge, place a baggage tag on it, load it in "A" compartment, and advise the Flight Attendant.

Photo Flash Bulbs

Photo flash bulbs are acceptable for transportation ONLY if the bulbs are packed in the original package of the manufacturer.

Scuba Equipment

Allegheny accepts Scuba Equipment at excess baggage rates if:


- Scuba air tank is empty, the air regulator is removed from tank, and is packed in suitable container to prevent damage, or
- Scuba equipment is packed in a traveling case to prevent damage and air tank is empty.

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continued . . .





ALLEGHENY

PASSENGER SERVICE MANUAL

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April 12, 1974

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◄ BAGGAGE ALLOWANCE (CONT'D)Allegheny Rules for Acceptance (cont'd)Bicycles

Allegheny accepts single seat touring or racing bicycles as an item of sporting equipment when:

- handle bars are turned sideways
- pedals are removed.

The charge for bicycles is equal to 1 piece of excess baggage.

Example:

Passenger traveling BOS-PHL; the fare is \$34.00.  
The charge for accepting a bicycle is \$5.00.

Parachutes

Do not accept parachutes as carry-on baggage. Accept only as checked baggage.

continued . . .



€ BAGGAGE ALLOWANCE (CONT'D)Size and Weight Restrictions

Allegheny does not accept any article as baggage:

- with total dimensions (H+W+L) over 80".
- weighing more than 70 lbs.

Exceptions:

Sporting equipment, B-4 bags, sea bags, duffel bags, live animals in containers, and baggage for which a seat is purchased.

Representatives of Secret Service or White House Communications Agency are allowed one article more than 70 pounds but less than 80 pounds.

Collect excess baggage charges for all baggage over the maximum dimensions, or in excess of the authorized free-baggage allowance.

Reference:

For free baggage allowance and excess baggage charges on Allegheny and other airlines, see Rule 360 of the Rules Tariff.

## ADVICE TO PASSENGERS OF LIMITATIONS OF LIABILITY

AIRLINE LIABILITY FOR DEATH OR PERSONAL INJURY MAY BE LIMITED BY THE WARSAW CONVENTION AND TARIFF PROVISIONS IN THE CASE OF TRAVEL TO OR FROM A FOREIGN COUNTRY.

LIABILITY FOR LOSS, DELAY OR DAMAGE TO BAGGAGE IS LIMITED AS FOLLOWS UNLESS A HIGHER VALUE IS DECLARED AND AN EXTRA CHARGE IS PAID: (1) FOR MOST INTERNATIONAL TRAVEL (INCLUDING DOMESTIC PORTIONS OF INTERNATIONAL JOURNEYS), TO APPROXIMATELY \$9.07 PER POUND (\$20.00 PER KILO) FOR CHECKED BAGGAGE AND \$400 PER PASSENGER FOR UNCHECKED BAGGAGE; (2) FOR TRAVEL WHOLLY BETWEEN U.S. POINTS, TO \$500 PER PASSENGER FOR MOST CARRIERS. SPECIAL RULES MAY APPLY TO VALUABLE ARTICLES.

SEE THE NOTICE WITH YOUR TICKET OR CONSULT YOUR CARRIER OR TRAVEL AGENT FOR FURTHER INFORMATION.  ALLEGHENY AIRLINE, INC.

[ Allegheny Airlines Additional Response to Question 80 ]

ALLEGHENY

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April 1, 1972

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SCHEDULE CHANGE QUEUES

Each City Queue Group has 2 Schedule Change Queues:

- High Priority.
- Low Priority.

The contents of Schedule Change (High Priority) Queues consist of:

- PNRs for specified date(s) which contain segment(s) affected by AL Schedule Change.

The contents of Schedule Change (Low Priority) Queues consist of:

- PNRs for all other dates which contain segment(s) affected by AL Schedule Change.

CRO Sales Agents assigned to work these queues use Process Schedule Change Queues procedure to determine the method of processing PNRs on queues.

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ALLEGHENY

RESERVATIONS MANUAL

7-91 Page 1  
May 15, 1972PROCESS SCHEDULE CHANGE QUEUES PROCEDURE

Display PNR from Schedule  
Change queue.

Q/\_\_\_/7 (High Priority)

Q/\_\_\_/27 (Low Priority)

Does displayed PNR contain  
FONE number?

NO

Remove PNR from queue.  
QR

YES

Does displayed PNR indicate  
Passenger/Travel Office has  
been advised?

YES

NO

Is PNR a Travel Office  
booking?

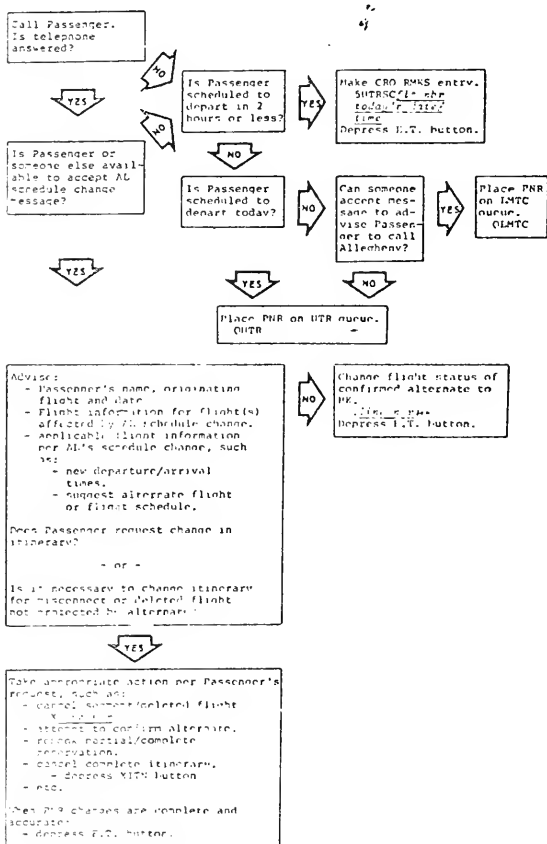
NO

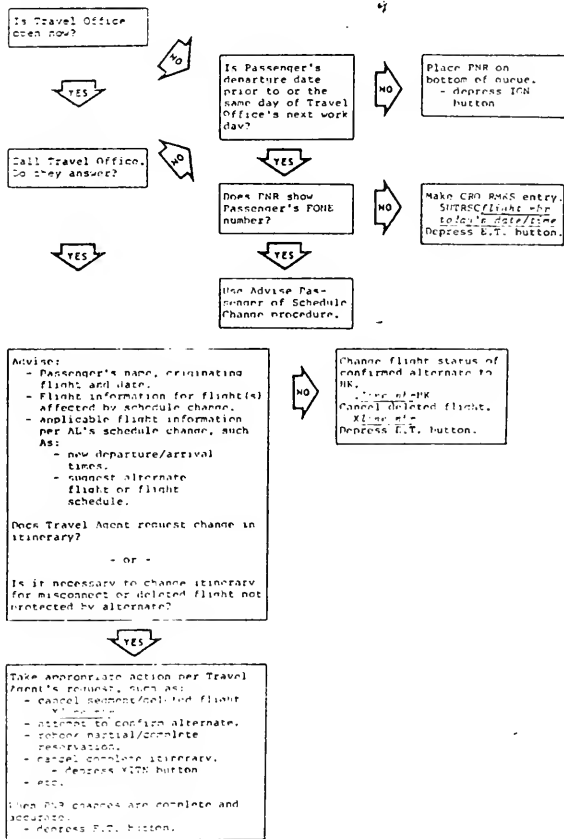
Use Advise Passenger  
of AL Schedule Change  
procedure.

YES

Use Advise Travel Office of  
AL Schedule Change procedure.

C

ADVISE PASSENGER OF AL SCHEDULE CHANGE PROCEDURE

ADVISE TRAVEL OFFICE OF AL SCHEDULE CHANGE PROCEDURE

 ALLEGHENY

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LOST TICKET

If a passenger loses his ticket or Miscellaneous Charges Order he purchases a new ticket

- OR -

Allegheny issues a replacement ticket for continuing transportation under certain conditions listed below.

Replacement Ticket

Issue a replacement ticket at no cost to the passenger if the:

- passenger purchased the lost ticket from Allegheny,
- passenger provides identification (same as required for check acceptance),
- passenger is holding a reservation, and
- Customer Service Manager or Supervisor approves the issuing of a replacement ticket.

WhoDoes What

Passenger

1. Advise ticket agent he lost his ticket.


Ticket Agent

2. Determine if the passenger is eligible for a replacement ticket.

continued . . .

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ALLEGHENY

## TICKETING MANUAL


3-25 Page 2  
February 1, 1972

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Replacement Ticket (continued)

<u>Who</u>	<u>Does What</u>
Ticket Agent	<p>3. If passenger is eligible:</p> <ul style="list-style-type: none"><li>- Complete Lost Ticket Refund Application, Form A-17 in triplicate.</li><li>- Check "Issued Without Charge" box and obtain Manager's/Supervisor's approval, in the "Replacement Ticket Information" section of A-17.</li><li>- Issue ticket for continuing transportation only, including return portions of round trip tickets.</li><li>- Prepare ticket in regular manner with the addition of "LTA NON-REF" in form of payment box.</li></ul> <p>Distribution:</p> <ul style="list-style-type: none"><li>Original - Attach to auditor's copy of ticket.</li><li>Duplicate - Give to passenger.</li><li>Triplicate - Station file.</li></ul>

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TICKETING MANUAL

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November 15, 1972


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If Passenger Is Not Eligible for Replacement Ticket:

<u>Who</u>	<u>Does What</u>
Ticket Agent	<ol style="list-style-type: none"><li>1. Complete Lost Ticket Refund Application, Form A-17, in triplicate.</li><li>2. Advise passenger that:<ul style="list-style-type: none"><li>- a refund will be sent to him after application is made IF the ticket has not been used or refunded, less \$5.00 service charge.</li><li>- if passenger finds the ticket, he is to send it to Revenue Accounting, DCAGO.</li></ul></li><li>3. Distribution:<ul style="list-style-type: none"><li>Original - Revenue Accounting, DCAGO.</li><li>Duplicate - Give to passenger.</li><li>Triplicate - Station file copy.</li></ul></li></ol>

C

If ticket is on another airline's ticket stock, ask the passenger to contact the issuing airline. If this is not practical, follow Allegheny's procedures for lost tickets. Do not issue Replacement tickets against other airline ticket stock.



ALLEGHENY

PASSENGER SERVICE MANUAL

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August 6, 1973

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C PASSENGERS DENIED BOARDING

A Denied Boarding is a passenger who holds confirmed reservations for a flight, as indicated in the PNR and on the passenger's ticket, and who checks in for the flight (this means appearing at our local ticket lift point before departure time), but who cannot be accommodated on that flight because of insufficient seats or seats being blocked.

Denied Boardings are usually the result of:

- Reservations or Travel Agencies unintentionally confirming passengers on waitlisted flights.
- Ticket Agents issuing tickets without verifying reservation status.
- Stations clearing standbys for a flight and overbooking downline waitlisted stations.
- Aircraft weight limitations caused by high fuel loads or restricted take-off weights.
- Substitution of equipment.

Use the following procedures to:

- clear overbooked flights.
- handle oversales when they occur.

continued . . .



ALLEGHENY

PASSENGER SERVICE MANUAL

6-99 Page 2  
August 6, 1973

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C PASSENGERS DENIED BOARDING (cont'd)Procedure

1. Check the PFS to determine:
  - the number of passengers onboard through your station.
  - if there are NRSA, clergy, or desiring passengers that can be removed to accommodate confirmed passengers.
2. Inspect each flight coupon for flight/date and reservation status. Do not check in passengers with:
  - waitlist tickets,
  - open tickets,
  - tickets issued for another flight,unless you check the Passenger Name List (PNL) or retrieve the passenger's PNR and the passenger is holding confirmed reservation.
3. If Steps 1 and 2 do not clear the overbooking, and the number of passengers actually checked in is greater than the number of seats available, before boarding the flight:
  - consider alternate transportation between your city and the passenger's destination.
  - select a local boarding passenger to be refused who will be least inconvenienced.

continued . . .



C PASSENGERS DENIED BOARDING (cont'd)Procedure (cont'd)

## 3. continued . . .

Do not select passengers who are:

- elderly
- sick
- incapacitated
- unaccompanied children
- holding connecting interline space
- holding connecting online space
- traveling as a group.

4. Advise NRM/RNRP passengers employed by Allegheny or other airlines about the overbooking. Tell them of later flights and ground transportation they may take. If they decide to stay on board, do not remove them but obtain their names and report it to the Director of Ground Services for his review.
  5. If the oversale is not known until the flight is being boarded, (this applies particularly where gate check-in is used) the last passenger to arrive at the gate is the passenger denied boarding and is not permitted to board. Selection is automatic. Do not delay the flight seeking a passenger who would be least inconvenienced.
  6. Do not remove confirmed ticketed passengers already on the flight from another station.
- 



C PASSENGERS DENIED BOARDING

Try to separate the passengers who are denied boarding from other passengers; be patient, courteous, and tactful. Listen considerately; let the passenger talk, use C A R E.

COURTESY, to the extreme degree.

APOLOGIZE, for the inconvenience, explaining in as much detail as possible, (i.e. unintentional error made in confirming reservations for the flight; equipment substitution; weight restriction; etc.) and provide ASSISTANCE to the passenger in resuming and completing his trip.

REROUTING, in most cases can be provided at no additional expense under the liberal provisions of Rule 380.

EMPATHY, or putting yourself in the passenger's position.

EACH FAILURE TO COMPLY WITH THE FOLLOWING PROCEDURES SUBJECTS ALLEGHENY TO CIVIL PENALTIES IMPOSED BY THE C.A.B.


Passengers who refuse to submit to security clearance and are refused boarding are not considered as Denied Boardings and are not eligible for DBC.

Procedure

<u>Who</u>	<u>Does What</u>
First Agent in Contact with Denied Boarding Passenger	1. Give the Denied Boarding Passenger a copy of "Notice to Passengers Denied Boarding", Form SS-112.
Agent handling the Denied Boarding Passenger	2. Complete two copies of the "Passenger Denied Boarding Report" SS-119 for each passenger that is Denied Boarding whether DBC is paid or not. Complete all entries and sign. (See 6-99, Page 8).

continued . . .




 ALLEGHENY

## PASSENGER SERVICE MANUAL

 6-99 Page 5  
 December 15, 1973
PASSENGERS DENIED BOARDING (cont'd)Procedure (cont'd)

<u>Who</u>	<u>Does What</u>
Agent Handling Denied Boarding	3. Assist passenger in rerouting to destination. Retrieve passenger's PNR and modify PNR to reflect the correct itinerary and method of travel in REMARKS field if other than by air.  4. Reissue ticket as required.  5. You must pay Denied Boarding Compensation (DBC) to all passengers denied boarding at the time denied boarding occurs, except: <ul style="list-style-type: none"> <li>- when denied boarding results from Government requisition of space (i.e. Government has requested space on a flight due to an emergency).</li> <li>- when there is a substitution of equipment with lesser capacity (i.e. BAC 1-11 for DC-9, CV-580 for BAC 1-11).</li> <li>- when Allegheny offers:               <ul style="list-style-type: none"> <li>- "comparable air transportation" which at the time such arrangements are made, is planned to arrive at the airport of the passenger's next stopover or destination within 2 hours (4 hours for Canada) of the planned arrival time, OR</li> <li>- "alternate transportation" which is accepted and used by the passenger, which at the time such arrangements are made, is planned to arrive at the airport of the passenger's next stopover or</li> </ul> </li> </ul>

continued . . .



ALLEGHENY

PASSENGER SERVICE MANUAL

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December 15, 1973PASSENGERS DENIED BOARDING (cont'd)Procedure (cont'd)

<u>Who</u>	<u>Does What</u>
Agent Handling Denied Boarding	5. (cont'd) destination within 2 hours (4 hours for Canada) of the planned arrival.
	6. Provide Interrupted Trip Expense as outlined for Cancellation of a Passenger's Boarding Station or Deplaning Station due to Uncontrollable Conditions.  Cost of service you provide must not exceed the value of the refund of his ticket and the DBC due him when DBC is not paid.
Denied Boarding Station	7. Send Denied Boarding Message. Include all information in the white areas of the SS-119 to:  - HDQCZ - Your Regional Director - PITRC - Manager of CRC

*Send one message for all denied boardings and give the total  
number of passengers that were denied.*

Example:

Y  
HDQCZ PITRC  
.SYR 302234  
ATTN: R. BERKEBILE/MANAGER CRC  
DENIED BOARDING REPORT  
SYR 538/30JUL EOS DENIED 3  
MR J RINK/DBC PD/COMP AIR/CODE 4/CONF TKT  
MR J JONES/DBC PD/COMP AIR/CODE 4/CONF TKT  
MR R SMITH/DBC PD/COMP AIR/CODE 4/CONF TKT

If PACER is not operating, phone CRC  
in PIT on Extension 262 immediately.  
Send message when PACER is available.

continued . . .





ALLEGHENY

## PASSENGER SERVICE MANUAL

6-99 Page 7  
December 15, 1973c PASSENGER DENIED BOARDINGProcedure (cont'd)

<u>Who</u>	<u>Does What</u>
Denied Boarding Agent	<p>8. Retrieve a hard copy of the PNR and PNR History: Attach to SS-119.</p> <p>9. Give both copies of the completed Denied Boarding Report SS-119 with the PNR and PNR History and the Denied Boarding message to your CSM.</p>
Customer Service Manager	<p>10. If no contact with the passenger at the time of the Denied Boarding then:</p> <ul style="list-style-type: none"> <li>- call each Denied Boarding passenger unless you are positive he/she is satisfied with the explanation and alternate service provided. In either case, enter a brief summary on the SS-119 and sign it.</li> </ul>

Examples:

Passenger very irate. VIP, CSM called passenger at home, explained circumstances and apologized. Passenger very understanding.

(signed) CSM

Passenger was G.I. Happy with DBC.

(signed) CSM

PSR Smith handled passenger. Passenger satisfied with alternate transportation.

(signed) CSM

continued . . .



PASSENGERS DENIED BOARDINGExample of Passenger Denied Boarding Message/Report Form SS-119:

PASSENGER DENIED BOARDING MESSAGE/REPORT FORM SS-119 (Rev. 8/73)				
HDOOZ PITRC				
ATTENTION: YOUR REGIONAL DIRECTOR AND MANAGER CRC				
Your City	Flt No	Date	Psgr Dest	Initials of Agent furnishing Psgr with SS-112
SYR	538	7/30/73	BOS	KR
Passenger Name		Phone	Psgr given DBC Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Ant DBC Paid 31.48
MR. JAMES RINK		315-455-3568		
Address		City/State/Zip Code	Date and Place DBC Paid	
825 HIGHLAND AVE.		SYR, N.Y. 13202	JULY 30 SYR-ATO	
Transportation Provided Comparable Air <input checked="" type="checkbox"/> Alternate <input type="checkbox"/> None <input type="checkbox"/>				
If Comparable or Alternate Transportation Provided Enter:				
Carrier (Airline/Limo/Cab/Bus)	Flt Nbr	Routing	Planned Arrival	
	AL437	SYR-BOS	1603	
Reason for Denied Boarding				
Weight Restriction Code 1	Equip Substitution Code 2	Govt Requisition Code 3	Space Code 4	Other <input checked="" type="checkbox"/>
Psgr Held Confirmed Tkt <input checked="" type="checkbox"/> Confirmed Res <input type="checkbox"/>				
Comments				
PSGR. UPSET BUT ACCEPTED			PSGR. SEEMED SATISFIED	
OTHER FLT AND DBC <i>F. Beilly</i>			<i>Don Wilt CSM</i>	
Signature of Agent handling Denied boarding			Signature of CSM/SUPR/PSR	
(ALL ENTRIES MUST BE COMPLETED, SEE REVERSE SIDE FOR CHECKLIST)				
CSM SEND THIS FORM WITH PHR TO CONSUMER AFFAIRS				



ALLEGHENY

PASSENGER SERVICE MANUAL

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July 1, 1974PASSENGERS DENIED BOARDING (cont'd)Procedure

<u>Who</u>	<u>Does What</u>
Customer Service Manager	10. continued . . . Distribute SS-119:  Original - Consumer Affairs DCA-GO with PNR and PNR history attached.

D

Denied Boarding Message -  
Station File  
Retain 6 months.

SUBMIT COMPLETED SS-119's NO LATER THAN 72 HOURS AFTER THE  
DENIED BOARDING OCCURS.

Preparation of A-79

Prepare A-79, Refund Draft, for the amount of the compensation  
and make these special entries:

Airline, Form & Serial No.	A-79 037 4401 462085	STATION NO 083
From denied boarding point to destination shown on flight coupon	FROM SYR	FARE 1
"DBC" and amount of compensation; ticket value less tax & SC	TO PIT	TAX 2
Flight Number and Date	FLT 538	SECURITY CHARGE 3
	DATE 7-30-74	TOTAL 31 48 12
	REASON	





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December 15, 1973

# PASSENGERS DENIED BOARDING (cont'd)

## Preparation of A-79 (cont'd)

- The passenger must receive the D.B.C. payment on the date at place of the Denied Boarding. If the passenger's comparable or alternate transportation departs before the draft can be prepared, you must mail to the passenger within 24 hours, via certified mail. Attach United States Postal Service certification slip to the SS-119.
- If GTR is form of payment of passenger's ticket, make Refund Draft payable to "Treasurer of the U.S.". Enter passenger's name, "GTR", and have passenger sign in the "Reason" box of the Refund Draft. Do not cash draft for him.

NOTE: If passenger is a standby on a flight that is scheduled to reach his destination within the 2-hour time limit, do not pay DBC immediately. Advise passenger to return for DBC payment if he is not cleared on the standby flight.

In all cases, stamp back of Refund Draft, with "Release of Liability" stamp, even if you mail it to the passenger.

Give the draft to the passenger.

- The passenger may ask you to cash the draft. If so, ask passenger to endorse draft. Include in next bank deposit.

## Example of "Release of Liability" Stamp:

By my endorsement herebelow, I release Allegheny Airlines, Inc. from any and all existing or future liability claims, suits, or any other actions which have arisen or may subsequently arise from the failure of Allegheny Airlines to provide me with air transportation on flight AL \_\_\_\_\_

CA \_\_\_\_\_

(Date). \_\_\_\_\_



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C PASSENGERS DENIED BOARDING - DEFINITION/TERMS

Denied Boarding means any passenger who is refused a seat on the airplane (flight) for which he holds a confirmed ticket and provided he is acceptable as a passenger having complied with our tariff regulations regarding security checks, passenger acceptance as outlined in Passenger Service Manual, etc. ALL SUCH PASSENGERS MUST RECEIVE A COPY OF SS-112 NOTICE TO PASSENGERS DENIED BOARDING AT THE TIME OF DENIED BOARDING.

There are four categories of denied boarding:

- Weight restriction. This is caused when the number of seats available on the aircraft is restricted by temperature, fuel requirements, etc.
- Government requisition of space due to an emergency. A seat or seats required for transportation of government officials.
- Substitution of equipment of lesser capacity. When a BAC 1-11 or CV-580 is substituted for DC-9 or a CV-580 is substituted for a BAC 1-11.
- Other. When the number of confirmed ticketed passengers exceed the capacity of the aircraft.

Airport means the airport at which the direct or connecting flight on which the passenger holds confirmed reserved space, is planned to arrive at some other airport serving the same metropolitan area that transportation to the other airport is accepted and used by the passenger.

Example:

A passenger is boarding at PIT, destination ORD. Comparable air transportation to MDW is planned to arrive within 2 hours of his scheduled arrival. If the Denied Boarding passenger accepts and uses the Comparable air transportation to another airport serving the same metropolitan area, DO NOT PAY THE DEC.



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C PASSENGERS DENIED BOARDING - DEFINITION/TERMS (cont'd)

Carrier means an air carrier holding a certificate issued by the CAB authorizing transportation of passengers.

Comparable Air Transportation means transportation provided by air carriers or foreign air carriers holding certificates of public convenience and necessity or foreign permits issued by the CAB.

Alternate Transportation means other transportation that is accepted and used by the passenger which, at the time such arrangement is made, is planned to arrive at the airport of the passenger's next stopover or destination earlier than or not later than 2 hours after (4 hours if foreign air transportation is involved) that on which confirmed reserved space is held is scheduled to arrive.

Destination means the actual destination of the passenger.

Example:

Passenger is traveling SYR-SDF with a connection in PIT. He is denied boarding at SYR. It is Allegheny's responsibility to get the passenger to his destination (SDF) within 2 hours of original scheduled arrival time. If unable to get passenger to SDF within 2 hours, you must pay DBC on the first remaining flight coupon SYR-PIT.

First Remaining Flight Coupon means the first flight coupon the passenger is unable to use due to denied boarding.

Confirmed Reserved Space means space on a specific date and on a specific flight and class of service of a carrier which has been requested by a passenger and confirmed by the air carrier.

continued . . .



PASSENGERS DENIED BOARDING - DEFINITION/TERMS (cont'd)

Stopover means a deliberate interruption of a journey by the passenger, scheduled to exceed four hours, at a point between origin and destination.

Value of the First Remaining Flight Coupon means the applicable one-way fare, including any surcharges, less tax and any applicable discounts.

Who is Eligible for Denied Boarding Compensation? All passengers denied boarding are eligible for DBC except those who are denied boarding because:

- of government requisition of space;
- of substitution of equipment of lesser capacity;
- "Comparable Air Transportation" is offered to the passenger, which at the time such arrangements are made, is planned to arrive at the airport of the passenger's next stopover or destination within 2 hours (4 hours for Canada) of the planned arrival time; or
- "Alternate Transportation" is offered, accepted and used by the passenger, which at the time such arrangements are made, is planned to arrive at the airport of the passenger's next stopover or destination within 2 hours (4 hours for Canada) of the planned arrival time.

Airline employees and their eligible family members traveling Reduced Rate (Industry Discount) are NOT eligible for DBC payments.

When Must DBC Be Paid? You must pay DBC at the time and place of Denied Boarding. In cases where, for passenger convenience, comparable air or alternate transportation is available for the passenger and departs before the DBC is paid, it must be mailed within 24 hours of the Denied Boarding.



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PASSENGERS DENIED BOARDING - DEFINITION/TERMS (cont'd)

- C Amount of DBC. Pay the amount of DBC equal to the value of the first remaining flight coupon, less tax, and Security Charge with a minimum of \$25.00 or maximum of \$200.00.

If the value of the first  
remaining flight coupon is      Pay the Customer

\$25.00 or less . . . . . \$25.00

More than \$25.00 . . . . . Full value of coupon  
and not more than \$200.00.

Reporting Denied Boardings. Prepare a Denied Boarding Message/ Report for each passenger denied boarding at the time of Denied Boarding. Complete all entries, send a PACER message to your Regional Director and Manager Central Reservation Control (CRC) giving:

- your city, flight number, date, passenger's destination
- passenger's name
- passenger paid DBC
- transportation provided
- reason for Denied Boarding
- passenger held (confirmed ticket or reservation).





FLIGHT INFORMATION (FLIFO)

Flight Information (FLIFO) is the notification of irregular (off schedule) flight operation. An irregular flight operation occurs when:

- C
- a flight or portion of flight is delayed 20 minutes or more.
  - an entire flight or portion of flight is cancelled.

When a flight irregularity occurs, System Control creates a FLIFO message in PACER. There are 3 types of FLIFO messages:

- "DD" delayed flight.
- "LX" landing (stop) cancelled.
- "FX" entire flight cancelled.

Each type of FLIFO message includes a basic term descriptive of one or more reasons for the flight irregularity. A description of these basic terms appears in the FLIFO Reason table.

In addition to the basic term describing the reason FLIFO exists:

- the "DD" FLIFO message indicates:
  - city to city where flight is delayed (intermediate cities are also affected by delay)
  - code DD for delay
  - amount of delay time in hours and minutes.
- the "LX" FLIFO message indicates:
  - code LX for landing cancelled
  - city/cities where arrival and/or departure is cancelled.
- the "FX" FLIFO message indicates:
  - code FX for arrival/departure in all cities is cancelled.

---

When a FLIFO message is created in PACER, the Central Processor:

- places FLIFO message on Supervisor's queue of city/  
cities affected by FLIFO.
  - appends FLIFO message to this flight's
    - PNRs
    - sell and waitlist transactions.
  - places an asterisk (\*) in this flight's availability.  
(If entire flight is cancelled, it is removed from  
availability).
  - prohibits selling space on cancelled flights.
-

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PROCEDURE - CHECK FLIGHT INFORMATION (FLIFO)

1. Receive call requesting departure/arrival times of an Allegheny flight operating today or tomorrow.
2. If Caller has a reservation on this flight:
  - request Passenger's name and
  - perform the appropriate retrieve PNR transaction (Refer to Retrieve PNR procedure.)
3. If Caller does not have a reservation for this flight:
  - request arrival and departure cities Caller is checking and
  - display FLIFO.

FLIFO Entry Code	Flight Number	Slash	Date	Originating Airport Code	Destination Airport Code
2	326	/	29JAN	ORD	SBN
2	719	/	3JAN	DAY	PIT
2	520	/	7FEB	BOS	PHL

Example:

2800/19AUGPKBPIT (enter)

continued . . .  

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Procedure - Check Flight Information (FLIFO) (cont'd)

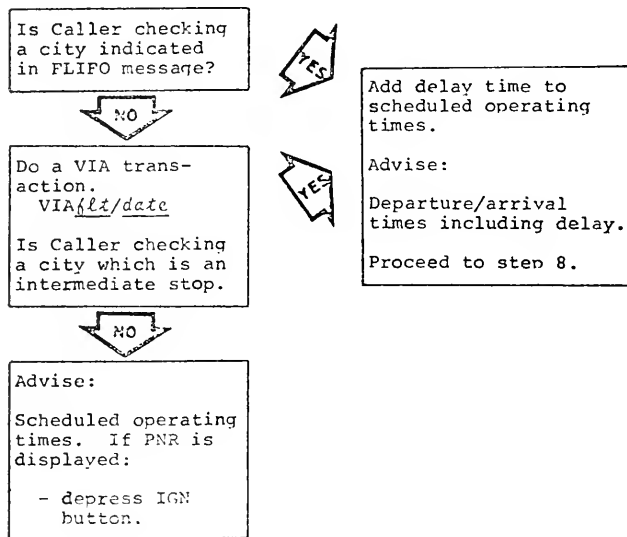
4. If PNR does not contain FLIFO message or FLIFO display is "FLIGHT ROUTINE":

- advise scheduled operating times.

Note: If PNR is displayed:

- depress IGN button.

5. If PNR or FLIFO display is "city to city DD time reason":



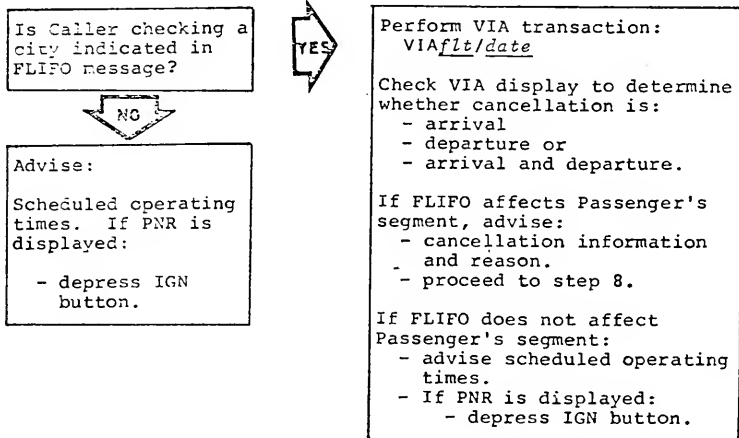
continued . . .

ALLEGHENY

RESERVATIONS MANUAL

6-20 Page 5  
April 1, 1972Procedure - Check Flight Information (FLIFO) (cont'd)

6. If PNR or FLIFO display is "city/LX" for one or more cities:



7. If PNR or FLIFO display is "FX":  
     - advise flight is cancelled.
8. If Caller has reservations and FLIFO is a cancelled flight or delayed flight which causes a misconnect:  
     - offer to book alternate reservations.
9. Make advised FLIFO entry in CRO RMKS field of PNR.  
     SADVDflt/delay time or CNCLD
10. When all entries are accurate and complete:  
     - depress E.T. button.

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## RESERVATIONS MANUAL

6-20 Page 6  
June 3, 1974FLIFO REASON TABLE

<u>Reason</u>	<u>Definition</u>
Free Flow	This code is used when one of the following reasons do not apply.
C Operational Requirement	Delay/Cancellation due to one of the following reasons:
	SC Catering
D	CD Crew Distribution
	CL Crew Legality
	SD De-Icing
	SF Fueling
D	SL Loading
Security Check	Delay/Cancellation due to local authorities inspecting baggage.
Weather at <u>(City)</u>	Delay/Cancellation due to winds, turbulence, fog, snow, ice, etc. This Reason Code is always followed by the location of the bad weather.
Customs	Delay/Cancellation due to Customs inspection of passengers/cargo.
Maintenance	Delay/Cancellation due to mechanical problems with aircraft.
Passenger Service	Delay/Cancellation due to accommodating passengers.
ATC (Air Traffic)	Delay/Cancellation due to a large number of aircraft holding in an airport area.

continued . . .


 ALLEGHENY

## RESERVATIONS MANUAL

 6-20 Page 7  
 January 21, 1974
C FLIFO REASON TABLE (CONT'D)

<u>Reason</u>	<u>Definition</u>
Equipment Distribution Maintenance	Delay/Cancellation due to late arrival of equipment which was the result of a maintenance problem on previous flight.
Equipment Distribution Weather	Delay/Cancellation due to late arrival of equipment which was the result of weather problems on previous flight.
Late Arrival Equipment at ( <u>City</u> )	Delay/Cancellation due to late arriving aircraft at station. This Reason Code is always followed by location of delay.
Field Conditions at ( <u>City</u> )	Delay/Cancellation due to: <ul style="list-style-type: none"> <li>- runway conditions</li> <li>- construction</li> <li>- inoperable airport navigational facilities.</li> </ul> This Reason Code is always followed by location and if necessary, the exact condition.
Holiday Schedule	Cancellation of entire or portion of a flight due to Holiday Schedule.

## Examples of FLINFO messages:

## /FX MAINTENANCE

The entire flight is cancelled due to mechanical problems with aircraft.

## SYR/LX WEATHER AT SYR

The SYR arrival and departure of this flight is cancelled due to weather conditions at SYR.

¢ BOS/LX WEATHER AT BOS  
PHL/LX FIELD CONDITIONS AT PHL

The BOS arrival and/or departure is cancelled due to weather conditions at BOS. The PHL arrival and/or departure is cancelled due to airport facilities such as runway conditions.

CVG TO BAL DD 1 HR MAINTENANCE  
BAL TO BOS DD 45 MIN MAINTENANCE


This flight has a decreasing delay due to mechanical problems with aircraft.

- CVG departure and BAL arrival of this flight is delayed 1 hour.
- BAL departure, PHL arrival and departure and BOS arrival of this flight is delayed 45 minutes. (PHL is an intermediate stop).

continued . . .

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 ALLEGHENY

## RESERVATIONS MANUAL

 6-20 Page 9  
 April 1, 1972

Examples of FLIFO messages: (cont'd)

PVD TO PIT DD 2 HRS WEATHER  
 PIT TO CMH CN LATE OPS ACCT WEATHER \*  
 WILL OPERATE 9965 PIT TO CMH SKD 965 TIMES  
 NO CONNEX AT PIT DLAD FLT 965 TO FLT 9965

The PVD departure, BDL arrival and departure, PHL arrival and departure, and PIT arrival of flight 965 is delayed 2 hours (BDL and PHL are intermediate stops). The PIT departure and CMH arrival of flight 965 is cancelled. However, flight 9965 is a substitute flight which will depart PIT and arrive in CMH at the times scheduled for flight 965.

Flight 965 will arrive in PIT after flight 9965 departs PIT. Therefore, CMH Passengers on flight 965 are unable to connect to flight 9965.

969 WILL FLAG STOP IND TO PROT REV CNLD 979  
 WILL OPERATE PIT CMH IND STL ARV IND 1700E  
 LV 1715E ARV STL 1806E

To protect Passengers (revenue) from cancelled flight 979, flight 969 will make a flag stop (unscheduled stop) at IND for flight 979's Passengers.

On this date flight 969 operates PIT CMH IND STL. Operating times of flight 969 are:

PIT & CMH	- per scheduled operating times
IND arrival	- 5 P.M. (eastern standard time)
IND departure	- 5:15 P.M. (eastern standard time)
STL arrival	- 6:06 P.M. (eastern standard time)

THROUGH FLIGHTS - DELAY UNDER 20 MINUTES

Use this procedure for flights operating with less than 20 minutes delay when no FIM's have been issued to reduce "Awaiting Quoted Departure" (CPAQ) delays.

When the delay is less than 20 minutes System Control does not issue a FIM. To establish a revised departure time for flights operating with less than 20-minute delay:

- obtain the estimated arrival time (ETA) for the flight at your station.
- add 5 minutes to the arrival time.

This is the revised departure time to be posted at your station.


Example:

Flight 951 is due to arrive PHL at 0906 and depart at 0923. At BOS, the aircraft is delayed 15 minutes. BOS's Times Message to PHL reflects a PHL estimate of 0921. PHL adds 5 minutes to this estimate, producing a revised estimated departure time of 0926 to be posted.

The "take the official estimate and add 5 minutes" procedure accomplishes two things:

1. If the flight makes up time enroute and/or PHL is able to work it in less than the 15 minutes scheduled ground time, we have built-in 10 minutes of potential make-up time. If the flight and/or the station makes up this time, we avoid a "CPAQ" delay (Awaiting Quoted Departure).
2. It eliminates the irritation of the customer who might otherwise see an "on-time" sign for a scheduled 0923 departure when, at 0923, the aircraft is nowhere in sight.



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PASSENGER SERVICE MANUAL

6-48 Page 2  
January 10, 1970

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TURNAROUND FLIGHTS - DELAY UNDER 20 MINUTES

Take the inbound flight's estimate and add 10 minutes to establish the revised estimated departure time. When flights are operating late, stations are accountable for turning them around in "x" number of minutes (depending on the equipment type) as compared with scheduled "through" times.

Establish/post these delays locally only on the basis of the estimate included in the upline station's Times Message and only when the flight is operating less than 20 minutes late.



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THE FLIGHT INFORMATION SYSTEMc Description and Purpose

The purpose of the Flight Information System is to provide our personnel and our customers with information about irregular (off schedule) flight operations.

An irregular flight operation is a flight which is:

- delayed 20 minutes or more.
- partially or completely cancelled.

Each station sends a FLIGHT TIMES message to each downline operations office and to System Control immediately after the departure of each flight. This message includes the estimated arrival time at the next station and the delay time and reason. This message is also a part of the Flight Information System.

Visualize the Flight Information System as a flow of information:

- flowing from the point at which the irregularity occurs: the station, maintenance base, the cockpit.
- to System Control where the information is analyzed, alternatives are considered, and decisions are made.
- from System Control in the form of FIM and FLIFO messages.
- to Central Reservations which notifies and rebooks affected passengers.
- and to stations which advise and reaccommodate affected passengers.

continued . . .



ALLEGHENY

PASSENGER SERVICE MANUAL

< 6-50 Page 2  
December 15, 1973THE FLIFO INFORMATION SYSTEM (cont'd)c Description and Purpose (cont'd)

The FLIFO message is included in the response to a:

- sell transaction, or
- waitlist transaction, or
- retrieve PNR.

When a flight irregularity occurs, System Control creates a FLIFO message in PACER. Each FLIFO message is in a standard format and includes:

- city/cities affected by delay/cancellation.
- type of irregularity.
- amount of delay time in hours and minutes.
- basic term descriptive of the reason for delay/cancellation.
- clarifying remarks (if applicable).

Each basic term used in these FLIFO messages is descriptive of one or more reasons for the flight irregularity. A description of the reason(s) for each basic term appears in the FLIFO Reason Table.

continued . . .




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PASSENGER SERVICE MANUAL

6-50 Page 3  
April 29, 1974FLIFO REASON TABLE

<u>Reason</u>	<u>Definition</u>
Free Flow	This code is used when one of the following Reasons do not apply.
C Operational Requirement	CL Crew Legality
	CD Crew Distribution
	SC Servicing due to Catering
	SD Servicing due to Deicing
	SF Servicing due to Fueling
	SL Servicing due to Loading
Security Check	Delay/Cancellation due to local authorities inspecting baggage.
Weather at <u>    </u>	Delay/Cancellation due to winds, turbulence, fog, snow, ice, etc. This Reason Code is always followed by the location of the bad weather.
Due to Mandatory Fuel Allocation	Fuel Shortage.
Customs	Delay/Cancellation due to Customs inspection of passengers/cargo.
Maintenance	Delay/Cancellation due to mechanical problems with aircraft.
Passenger Service	Delay/Cancellation due to accommodating passengers.
ATC (Air Traffic)	Delay/Cancellation due to a large number of aircraft holding in an airport area.
Equipment Distribution Maintenance	Delay/Cancellation due to late arrival of equipment which was the result of a maintenance problem on previous flight.

continued . . .



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## PASSENGER SERVICE MANUAL

6-50 Page 4  
April 29, 1974FLIFO REASON TABLE (cont'd)

<u>Reason</u>	<u>Definition</u>
Equipment Distribution Weather	Delay/Cancellation due to late arrival of equipment which was the result of weather problems on previous flight.
Late Arrival Equipment at ____	Delay/Cancellation due to late arriving aircraft at station. This Reason Code is always followed by location of delay.
Field Conditions at _____	<p>Delay/Cancellation due to:</p> <ul style="list-style-type: none"> <li>- runway conditions</li> <li>- construction</li> <li>- inoperable airport navigational facilities.</li> </ul> <p>This Reason Code is always followed by location and if necessary, the exact condition.</p>
Holiday Schedule	Cancellation of entire or portion of a flight due to Holiday Schedule.



FLIFO (CONT'D)

When the response to an availability request contains an overcast weather symbol (@) for 1977 or an asterisk (\*) for CPT, this indicates there is a FLIFO message. In an availability display the overcast weather symbol or asterisk precedes the originating city of the affected flight. In response to a request for availability on a specific AL flight, the overcast weather symbol or asterisk follows the abbreviation for available (AVBL).

To obtain a display of this FLIFO message, perform the appropriate transaction:

- sell (if seat is requested) or
- request FLIFO (if seat is not requested).

Use a Request FLIFO entry when:

- a customer not holding or requesting reservations, requests arrival or departure information.

Using this entry results in the Central Processor displaying either a FLIFO message or the statement Flight Routine.

Request FLIFO entry format:

FLIFO ENTRY CODE	FLIGHT NUMBER	SLASH	DATE	ORIGINATING AIRPORT CODE	DESTINATION AIRPORT CODE
2	775	/	29JAN	GRR	SEN
2	856	/	03JAN	DAY	PIT
2	961	/	07FEB	BOS	PHL

The response FLIGHT ROUTINE indicates the flight is operating on schedule.

continued . . .





FLIFO (cont'd)

The display of a FLIFO message provides you with the information necessary to advise our customers of:

- the location(s) affected by flight irregularity.
- type of flight irregularity.
- delay time (if applicable).
- reason for flight irregularity (See FLIFO Reason Table).
- additional information (if flight irregularity requires additional explanation).

Flight Information is one of the most important customer service tools. Our customers accept schedule irregularities, but they expect us to know about them and to always provide current, correct, truthful information.

HOW THE FLIGHT INFORMATION SYSTEM WORKS

<u>Who</u>	<u>Does What</u>
System Control	1. Plan the operation of each flight including aircraft and crew availability, weather conditions, fuel loads, and any other factors which may affect schedule performance.
Station	2. Report to System Control any situation which may affect scheduled flight departure.
System Control	3. Forecast irregular operations and make decisions regarding delays and cancellations.
	4. Issue FLIFO messages to inform all affected personnel of schedule irregularity.

continued . . .




HOW THE FLIGHT INFORMATION SYSTEM WORKS (cont'd)

 Central  
 Reservations  
 Office

5. Advise passengers on cancelled flights and rebook them on other flights. 4
6. Advise boarding passengers of delays greater than 30 minutes.
7. Advise callers of the flight information displayed on the Agent Set in response to arrival/departure inquiries.

Station

8. Keep all FLIFO's in numerical order. If you miss any numbers, request repeat of message using your Agent Set.
9. Inform other people (crews, post office, caterer, etc.) of flight information with which they may be concerned.
10. NEVER DEPART A DELAYED FLIGHT EARLIER THAN THE TIME GIVEN TO THE PASSENGERS.

 Airport Ticket  
 Office

11. Put current flight information on the arrival/departure board.
12. Put Weather Advisories on the Passenger Weather Advisory Board adjacent to the check-in position.
13. Inform passengers of irregularities affecting their flight giving as complete and accurate an explanation as needed.
14. If there are connecting passengers and the delay causes a misconnection:
  - advise the passenger of misconnection and rebook.





## FLIGHT MESSAGE EXAMPLES

### Flight Delay

BDLOOAL  
 .DCARMAL 021847  
 FLIFO 0906P D  
 0915 020CT  
 BDL TO PHL DD30 MIN SECURITY CHECK

### Explanation:

BDLOOAL	- Hartford operations office address.
.DCARMAL	- message signature of computer.
021847	- date and time message completed.
FLIFO	- message title.
0906P	- local time PM.
D	- type of message - Delay.
0915 020CT	- flight number and date.
BDL TO PHL	- segment of flight where irregularity occurred.
SECURITY CHECK	- Action - in this case - indicates 30-minute delay for security check.

Reasons used in FLIFO messages are written out by System Control Center.

### Examples:

ATC - air traffic congestion  
 Maintenance  
 Operational Requirement  
 Weather  
 etc.





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## PASSENGER SERVICE MANUAL

6-50 Page 9  
December 15, 1973

Example:

In response to a sell entry for today's flight 912 ABE-BOS, Agent receives a display of the segment and a FLIFO message.

Central Processor Response:

1 912S 23SEP ABEBOS SS1 1056A 1148A  
PIT TO BOS DD 1 HR 30 MIN WEATHER AT PIT

This FLIFO message indicates:

- due to weather conditions at PIT, there is a 1 hour 30 minute delay on this flight from PIT to BOS (1 hour 30 minute delay affects PIT, BOS and all intermediate stops).

Therefore, the flight will depart ABE at 12:20 PM and arrive BOS at 1:18 PM.

Example:

Agent retrieved a PNR for Mr. Martin on Flight 637 IPT-PIT. Included in the retrieved PNR is a FLIFO message.

Retrieve PNR:


1. 1MARTIN J  
1 AL 637A 17APR IPTPIT HK1 358P 450P  
PIT/LX MAINTENANCE  
FONE-IPT 327-9901-H  
TKT-T/

This FLIFO message indicates:

- flight 637 is cancelled IPT to PIT due to maintenance (mechanical problems with aircraft).

This flight is cancelled between IPT and PIT only; prior to arrival in IPT the flight operated on schedule.



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## PASSENGER SERVICE MANUAL

6-50 Page 10  
December 15, 1973

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Example:

Agent requests FLIFO message for today's flight 989  
BDL-IND.

Enter:

2989/27APRBDLIND  
Depress Enter key.

Central Processor Response:

LGA TO IND DD 1 HR ATC AIR TRAFFIC

This FLIFO message indicates:

- due to air traffic (a large number of aircraft in an airport area waiting to land), there is a 1 hour delay on this flight from LGA to IND.

Prior to arrival in LGA this flight operated on schedule. Therefore, the flight departed BDL on schedule but arrival in IND is 1 hour late.

Example:

Agent requests FLIFO message for today's flight 802  
SDF-PIT.

Enter:

2802/21MARSDFPIT  
Depress Enter key.

Central Processor Response:

FLIGHT ROUTINE

This response indicates this flight is operating on schedule.

Example:

Agent requests FLIFO message for today's flight 870  
CVG-PHL.

Enter:

2875/18MAYCVGPHL  
Depress Enter key.

Central Processor Response:

CVG TO BAL DD 1 HR MAINTENANCE  
BAL TO BOS DD 45 MIN MAINTENANCE

This FLIFO message indicates:

- flight 870 is delayed due to maintenance  
(mechanical problems with aircraft).
- 1 hour late from CVG to BAL (delay  
also affects any intermediate stops  
between CVG-BAL).
- 45 minutes late from BAL to BOS  
(delay also affects any intermediate  
stops between BAL-BOS).

Therefore, this flight has a decreasing delay; it  
departs CVG 1 hour late but arrives in PHL (inter-  
mediate stop between BAL-BOS) 45 minutes late.



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PASSENGER SERVICE MANUAL

c 6-50 Page 12  
December 15, 1973Example:

Agent requests FLIFO message for flight 930 MEM-PHL  
June 15.

Enter:

2931/15JUNMEMPHL  
Depress Enter key.

Central Processor Response:

FLT NOOP FOR FLT/DATE

This response indicates that due to frequency  
schedule or holiday schedule this flight is  
not operating on this date.

Example:

Agent requests FLIFO message on Flight 904 PIT-MDT  
June 15. Flight 904 originates Chicago at 1030 on  
June 15. Flight 904 departs PIT at 0140 on June 16.  
Use date of flight origination.

Enter:

2924/15JUN PIT MDT  
Depress Enter Key.

Central Processor Response:

FLIGHT ROUTINE





ALLEGHENY

PASSENGER SERVICE MANUAL

6-75 Page 1  
July 15, 1974INTERRUPTED TRIPS POLICY - DOMESTIC

Despite improvements in the dependability of travel by air, occasional interruptions to passenger travel are unavoidable.

It is Allegheny Airlines' policy and practice to provide to each passenger whose trip on Allegheny has been interrupted with:

COURTESY, to the extreme degree.

C APOLOGY, for the inconvenience; advise the passenger the TRUTH concerning the flight interruption.  
ASSIST the passenger in resuming and completing his trip.

REROUTING, which in most cases can be provided at no additional expense under the liberal provisions of Rule 380.

EMPATHY, or putting yourself in the passenger's position.

The first letter of these words spell "CARE" and caring for our customers, particularly when their trips have been interrupted, is Customer Services' Number One Job!

Allegheny's interrupted trips policy is governed by:

- Tariff Rules
- Air Traffic Conference (ATC) Resolutions
- Allegheny's Company Policies.

Allegheny's Interrupted Trips policy authorizes a number of Services, by which we must absorb certain of the additional travel expenses, which a passenger whose trip has been interrupted would otherwise have to bear himself.

continued . . .





INTERRUPTED TRIPS POLICY - DOMESTIC (CONT'D)

The Company's basic policy is to absorb certain additional travel expenses when there is a schedule irregularity.

Schedule Irregularity

Schedule Irregularity means:

- Delay in scheduled departure or arrival of a carrier's flight resulting in a misconnection (or)
- Flight cancellation, omission of a scheduled stop or any other delay or interruption in the scheduled operation of a carrier's flight, (or)
- Schedule changes which require rerouting of a passenger at departure time of the original flight.

When a flight is delayed 4 hours, or more, Allegheny must offer to all passengers holding reservations on that flight, or standby passengers, that have been cleared to board that flight:

- One 15 word Courtesy Message or one 3 minute Long Distance phone call. (See 6-76 Pages 1 & 2)
- One meal if cancelled or delayed flight was a meal flight. (See 6-77 Pages 1 & 2)  
EXCEPT: No meals are provided for passengers rerouted on flights offering complimentary meal service.
- Overnight accommodations if delay is during the hours 10:00 P.M. and 6:00 A.M. for passengers living in excess of 1 hours drive from the airport, or road conditions are hazardous due to weather. (See 6-78 Pages 1 & 2)
- Alternate transportation that is available. (See 6-79 Pages 1 & 2)
- Extraordinary Circumstances. (See 6-80 Page 1)

continued . . .





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PASSENGER SERVICE MANUAL

6-75 Page 3  
November 15, 1973INTERRUPTED TRIPS POLICY DOMESTIC (CONT'D)

Give passengers your best "CARE" but, be consistent. Do not provide any Interrupted Trip Expenses for passengers misconnected by other carriers. Politely refer passengers requesting services such as Meals, Overnight Accommodations, Chartered Surface Transportation, etc., to the delivering carrier.

Allegheny offers the following services under the liberal provisions of PR-6-Rule 380. The following Sections explain the policy and procedure.

- Courtesy Message 6-76
- Meal Allowances 6-77
- Overnight Accommodations 6-78
- Alternate Transportation - 6-79
- Extraordinary Circumstances 6-80

Keep the following items readily accessible at the ticket counter to provide prompt service:

- Train and bus schedules and fares.
- Hotel rates.
- Refund Drafts, Form A-79.
- Credit Card credit forms.
- Current information on the cost, availability and contacting procedures for chartered limo, bus, taxi, or air taxi service.
- Petty Cash Slips.
- Explanation of Delay for Customer, Form OS-37.
- Flight Interruption Manifest, Form A-38.
- Passenger Accommodation, Form A-6.

continued . . .



C INTERRUPTED TRIPS POLICY DOMESTIC (CONT'D)

If using chartered limo, bus, taxi, or air taxi service to transport passengers to their destination due to an interrupted trip, advise destination station and Reservations:

- The limo, bus, taxi, or air taxi departure time.
- Passengers' names.
- Enroute stops. Advise passengers and driver of enroute stops and their location prior to departure.
- Final destination (airport and/or downtown location).
- Expected arrival time at each stop.

*Destination station remains open until the limo, bus, taxi, or air taxi arrives at the destination airport.*

We have a moral obligation to deliver the passenger to a location where he can obtain taxi, hotel, etc. Coordinate forwarding transportation with the destination station. The destination station may have passengers who can be accommodated on the return trip.

Service for Non-Revenue Passengers

Beyond courtesy and assistance (but serving after revenue passengers) no interrupted trips services are authorized for NRSA, NRSP, or NRMR passengers. However, if there is space available on alternate transportation being arranged for revenue passengers, non-revs may go along.

In the case of an oversold flight, employees of other airlines and Allegheny employees travelling NRMR/NRSP are to be advised of the oversale and what later flights or ground transportation is available to their destination. If they decide to remain on board, thereby creating or adding to the oversold condition, their names must be reported to the Director - Ground Services for inter-department review.

continued . . .



INTERRUPTED TRIPS POLICY DOMESTIC (CONT'D)GTR Tickets

Passengers traveling on tickets purchased with a GTR are not authorized a cash refund. Make Refund Draft, Form A-79, payable to the train or bus company if surface transportation is requested. Prepare draft for the exact amount of the train or bus fare.

Free "Return" Transportation

Allegheny is not permitted to provide free return transportation to the passenger's origin station when a passenger is a misconnect or is delayed at a connecting point or enroute station to the extent that it is not worthwhile for him to complete his trip.

Example: Mr. Tim Frick is traveling flight 762 YNG/PIT and connecting to Flight C205 to MGW cancels due to mechanical problems. You offer to protect Mr. Frick on Flight C217 leaving 2-1/2 hours later. This is not satisfactory to Mr. Frick, as he has an 5 P.M. speaking engagement that he will miss. He, therefore, wants to return to YNG at Allegheny's expense and a refund of his ticket.


You are permitted to provide:

- involuntary refund of unused flight coupons.
- rerouting on Allegheny or other carrier to his destination using provisions of PR-6, Rule 380.
- ground transportation.

Do not provide a free ticket back to the passenger's point of origin.

continued . . .



ALLEGHENY

PASSENGER SERVICE MANUAL

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C INTERRUPTED TRIPS POLICY DOMESTIC (CONT'D)Involuntary Re-routing of Passenger and Baggage

It is Allegheny's responsibility to recheck a passenger's baggage when transferring the passenger to another airline, or another Allegheny flight.

Delay

If a local-boarding passenger is booked on a delayed flight, and as a result, misses a connecting flight, and there is a flight leaving your station to the passenger's connecting city (which makes the connection) but there is no space - THEN

- Attempt to board the possible misconnect on the earlier flight by carefully explaining to the confirmed passengers (on the earlier departure) the situation and ask for volunteers to allow the possible misconnection passenger to board in his place. Confirm the volunteer for the later flight before boarding the passenger you have confirmed on the earlier flight.

Note: Only attempt this if the delayed flight is enroute to your city, and accept as volunteers only those passengers who are terminating at the connecting point or beyond, as long as they are not changing planes.

Do not accept as volunteers:

- Young Adults
- Unaccompanied Children
- Elderly Passengers
- Passengers Who Need Special Assistance.

continued . . .

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INTERRUPTED TRIPS POLICY DOMESTIC (CONT'D)Delay (Cont'd)

- Attempt to reroute the possible misconnect on another airline flight to connecting city if that flight will arrive in time to make the passenger's connection.

Note: Interline availability is not to be used for irregular operations protection, even though the bookings are for individuals or parties of 2, 3, or 4. Call other airline to book seats as required.



## NORTH CENTRAL AIRLINES RESPONSES TO AIRLINE QUESTIONNAIRE

1. We have ~~not~~ considered lowering fares on any of our major routes within the past five years because our operating costs have increased substantially during that period. In our opinion, current Board procedures neither inhibit nor encourage carriers to experiment with lower fares.
2. We do not support the concept of "zone of reasonableness" as we believe the tendency would be for all carriers to adopt the lowest fare on competitive routes.
3. North Central does not operate transcontinental service, and operates internationally only between Detroit, Michigan, and Toronto, Ontario; and Duluth, Minnesota, and Thunder Bay, Ontario, and Winnipeg, Manitoba. North Central has no data either by flight or system wide which would enable us to determine the proportion of business and pleasure travelers on our system. However, our general estimate, based on collective observation, is that our traffic is predominately business-oriented, perhaps in the neighborhood of 70-80% of our passengers.
4. We determine the proper fare for a particular city pair by using the current fare formula prescribed by the C.A.B.--our Tariffs & Schedule Department makes this decision. We have made only limited studies on our own regarding the effects of increased fare competition because we utilize the Board's study in the Domestic Passenger Fare Investigation.
5. North Central has filed for eight separate fare increases in the past ten years. All markets were included in these increases. We have never felt pressure from the C.A.B. or from any other airline to match an approved increase.
6. The attached Exhibit A contains revenues, expenses, gross profits, non-operating expenses (including interest on debt), taxes, earnings per share, return on equity, passenger and total load factors for the past ten years. We are unable to break down this information by type of operation as our records are not kept in this manner. The balance of this question is not applicable to our operation.
7. We do not have available a statement of actual to projected cash flow over the past five years nor for the next five years.
8. Over the past five years we acquired ten Douglas DC-9's and nine Convair 580's by purchase or lease. Five DC-9's and nine CV-580's were purchased for \$31,800,000 by capital, either internally generated or bank loans. The rate of depreciation for the DC-9's is 180 months, 15% residual and the CV-580's 120 months, 15% residual with both on a straight-line basis.
9. North Central currently has on order from McDonnell-Douglas Corporation two DC-9 Series 30 aircraft for delivery in March and April, 1975. We have also placed an order for three DC-9 Series 50 aircraft for delivery in April and May of 1976, with option to purchase three more of this type of aircraft in late 1976.

A DC-9 flight simulator has been ordered from C.A.E. Ltd. of Canada for installation in May, 1975 at our Minneapolis main offices.

North Central intends, if traffic growth supports such a decision, to purchase additional DC-9 Series 50 aircraft in 1978 and 1979. It may also purchase used DC-9 equipment if such aircraft should become available and traffic growth can support the additional capacity. Our computer equipment is basically adequate to support anticipated needs, but should additional data processing power be required, North Central will add to its present complement of computer hardware as needs dictate.

10. Salaries and Other Compensation of Ten Highest Paid Executives

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
H. N. Carr	\$ 90,000	\$ 91,670	\$ 100,621	\$ 105,750	\$ 112,963
B. Sweet	45,500	49,167	55,375	58,437	62,592
G. F. Wallis	38,700	40,650	43,200	45,630	48,447
D. F. May	25,600	28,200	31,511	34,395	36,813
J. P. Dow	22,120	24,620	27,345	29,137	31,198
D. E. Moran	20,550	23,450	27,075	29,925	32,149
T. M. Needham	21,310	22,860	24,510	25,710	28,235
A. E. Schwandt	22,810	24,360	26,040	27,450	8,860
G. J. Miller	16,910	19,110	21,585	23,347	26,215
L. J. Keely	24,290	26,490	28,965	4,739	-0-

Director's Fees

H. N. Carr	\$ 1,050	\$ 1,050	\$ 1,800	\$ 1,200	\$ 1,200
B. Sweet	750	1,050	1,650	900	900

11. If our expenses exceeded revenues by five or ten percent for even one year, we would take numerous steps to correct the problem immediately. Our expenses have only exceeded revenues in one year over the last 20 years.

12. We believe the United States has the best air transportation system in the world. While we do not believe inefficiency should be rewarded, we do believe that help should be given when the problems that create the bankruptcy are beyond the airline's control.

13. We do not agree with the premise. All of the regional carriers are larger today than many of the trunks were ten years ago. The smaller carriers have grown faster in most cases than the larger ones, and we believe that to be a healthy sign in our industry.



14. We would probably sell our smaller, less efficient aircraft and get out of smaller cities where fares do not adequately compensate us for the service we supply. We would need to increase load factors and this could be done by reducing service to cities that are marginal traffic producers. We would also apply for an increase in subsidy to cover operating deficiencies.

15. We do not believe the industry's investment is necessarily too large. Technology has advanced so rapidly in the airline industry that it has been necessary to invest very large sums of money in order to stay up with that technology. This has resulted in some temporary excess capacity; however, the airlines have been cutting back on this capacity by retiring some of their more obsolete aircraft which is probably the answer to this problem.

16. The major factor for the low profits in the airline industry has been our inability to control rapid increases in costs. This is true primarily in three areas. First, we have very little strength in negotiating contracts with our unions, which has caused our labor rates to rise substantially faster than in other industries. Secondly, we have been extremely hard hit by the rapid increase in the costs of fuel. In addition to this, the costs of doing business in our cities has increased substantially through increased landing fees and also the costs of screening our passengers for security purposes. We believe the C.A.B.'s policies have actually helped offset the low profits, and they would have been much worse without some of the assistance we have received from that agency. As to our labor problems, the Board has consistently backed the airlines' Mutual Aid Pact which to some degree has helped us to control labor costs. In regard to fuel, the C.A.B. has certainly backed the airlines in trying to hold the line on costs and getting the fuel that was necessary. It has also supported us in allowing some capacity agreements which has helped control our excess capacity and save other costs, as well as fuel.

17. We do not agree with the statement in this question. A great deal of what is called "marginal capacity" is over routes that have a substantial amount of competition and where one airline cannot afford to cut back without getting some agreement from the other carriers, or the first airline would even lose the participation it has in the market. Some of the other excess capacity is on less dense routes where there is minimum service. To cut back further would seriously hurt loads on the remaining flight or flights, since two to three round trips a day are required in any market to really stimulate the traffic potential of that market. In the case of regional airlines, there is no possibility of even making the C.A.B.'s standards unless we eliminate service to a number of the small marginal cities which we are required to serve. These cities are not capable of generating the kind of traffic required by those load factor standards.

18. As shown in the following table, North Central's average cost per available seat mile in 1973 was higher than the industry average. This is primarily due to our low average length of aircraft hop, which is the shortest of any of the carriers shown (costs vary directly with length of hop). Our passenger yield is also higher than the average, which acts to offset this cost disadvantage.

18. (cont.)

<u>Carrier</u>	<u>1973 Experience</u>	<u>Total Operating Expense Per ASM</u>
AA		3.76¢
BN		3.36
CO		3.14
DL		3.41
EA		4.07
NA		3.06
NW		2.59
TW		3.39
UA		3.43
WA		3.35
AL		4.54
FL		4.69
NC		5.35
OZ		5.87
PI		4.90
RW		4.97
SO		4.60
TX		4.96
Average - All Carriers		3.55¢

19. Our advertising, other promotion, and office space and equipment rental costs for the past five years have been as follows:

	<u>Advertising</u>	<u>Other Promotions</u>	<u>Office Space &amp; Equipment Rental</u>
1973	587,620	93,010	4,746,876
%	.51%	.08%	4.15%
1972	663,760	52,223	4,308,491
%	.62%	.05%	4.07%
1971	597,027	30,213	3,258,920
%	.63%	.03%	3.43%
1970	280,701	44,190	2,120,929
%	.33%	.05%	2.49%
1969	308,083	38,863	1,283,896
%	.45%	.06%	1.89%

20. For North Central Airlines, the marginal cost of carrying one additional passenger on an existing flight breaks down as follows:

	(Current Costs)
Reservations	\$1.07
Ticketing	.15
Loss & damage-average	.12
Meal service-average	.54
Passenger supplies	.19
Baggage handling	1.58
Insurance-average	.21
Commissions	.86
Flight attendant*	<u>.23</u>
<b>Total</b>	<b><u>\$4.95</u></b>

\*The additional passenger may cause the total passenger complement to exceed that which can be serviced by two flight attendants. The cost of added attendants is, therefore, divided by total passengers to arrive at a cost assignable to one added passenger.

The use of this number should not be confused with the use of the concept of short-term variable costs of carrying added passengers. The costs of air transportation are very susceptible to step-wise increments in overall costs based on passenger volumes. Since nearly half of our total costs are labor-related, and since most of our personnel are directly related to passenger volume, only within very small ranges can it be stated that the cost of carrying one added passenger is only \$4.95.

21. Not Applicable

22. We have applied for the following routes in the past five years and on the dates indicated:

Detroit - New York City	12/9/70
Detroit - Boston	10/27/72
Detroit - Montreal	1/1/73
Milwaukee - Philadelphia	4/23/73

Other than acknowledging our application or denying expedited action, the Board has made no decision on these applications.

We do not believe the C.A.B. has acted as expeditiously as they should have on our applications. The Board has been reluctant to certify additional routes and even though some routes no doubt would justify being awarded, they have taken an overall policy stand that no route would be awarded until some of the industry problems have been solved. We agree that in many cases there is already too much capacity and certainly any new routes awarded should be fully justified, but we do feel there are some places where additional service could be provided and that these routes should be considered by the C.A.B.

23. There are routes which we would like to enter, and we have requested approval from the C.A.B. for these. However, if there were free entry to these routes, we would not stand much of a chance against the major carriers as they no doubt would dominate the

market and, in effect, make it impossible for us to provide the service we would like to. The C.A.B.'s entry policy does inhibit to some degree our entry into certain routes, but it also protects the smaller carriers and certainly is preferred to a policy of free entry.

24. No.

25. No.

26. North Central Airlines does not have any excess capacity at the present time. If the economy were to go into a substantial decline so that we would have to cut back some service, we would reduce some of our Convair 580 flights. We have recently sold several of these Convair 580 airplanes and believe we would be able to sell some more of them at approximately our book value.

27. We have suspended service to only one city on our route system, and that is Winona, Minnesota. A condition of the suspension is that Winona will receive substitute service by a third-level carrier.

28. Fuel costs, percentage of total cost and increase per gallon are as follows:

	<u>Total Cost</u> (000)	<u>Percent</u>	<u>Increase</u>
1972	\$ 8,757	8.26%	N/A
1973	9,592	8.38%	.5¢
1974 (9 months)	10,565	10.72%	8.0¢
1975 (projected)	23,940	15.65%	13.0¢

29. Not Applicable

30. Not Applicable

31. We believe it would not be judicious for the C.A.B. to do this. The airlines are already having substantial problems with load factors, and adding additional trunk carriers over dense traffic routes would just further dilute these load factors. We believe this would make a hodge-podge out of the industry. There are no doubt a few markets which could stand additional competition; however, we believe those should be considered one market at a time with particular emphasis towards awarding these routes to the smaller airlines. If this were done, it would help North Central to become a stronger carrier and reduce our dependence on subsidy.

32. We believe a permissive entry policy would be a disaster. The routes that could stand more competition would probably have many additional carriers almost immediately, and a lot of money and fuel would be wasted in trying to develop a superior position in the market. The smaller cities that need additional service would not be helped at all because most of the capacity would be thrown into the very dense markets and the smaller, less profitable routes would be left to shift for themselves. In other words, the emphasis would be taken away from a balanced transportation network.

33. Not applicable

34. A decision regarding capacity and frequency offered in a particular market is based on available traffic statistics for a new market and these statistics plus load factor experience in a presently existing market. The degree of promotion that is given to a particular market is determined by our experience and our judgment as to whether we are obtaining our share of the market considering the service that we offer. Decisions in respect to these matters are made by our Vice President-Traffic and Sales.

35. We offer only standard class service. (See #36)

36. While we offer standard class service on all segments across our system, inflight services do vary dependent on time of day and the length of flight. These decisions are made by our Vice President-Inflight Service.

37. We believe we could operate more efficiently if our airline were twice its present size. If we were half our present size, we would have a great deal of difficulty surviving, since so much of our costs are fixed. We believe there are a large number of economies that can be realized as a carrier grows in size. There may be an optimum size where, if a carrier would go beyond that point, difficulty in actually controlling the operations could result in some inefficiencies and additional expenses.

38. Much information furnished the C.A.B. is generated for in-house use and can be prepared with little extra effort. We estimate the total extra time needed to supply the needs of the C.A.B. presently, in preparing Form 41 and related schedules, is approximately 800 hours per year.

The C.A.B. requirements have little impact on our passenger handling and the operation; consequently, the costs involved are nominal.

39. We believe the C.A.B.'s methods of reviewing and handling route applications are somewhat inefficient. There is no question that the C.A.B. should have authority over granting new routes, but their method of determining which airline should receive the route and when additional service should be allowed is burdensome. No doubt standards could be adopted which would improve efficiency.

40. The cost directly related to C.A.B. proceedings is listed below. We do not spend any funds for lobbying.

1973	\$ 162,364
1972	164,397
1971	166,166
1970	153,402
1969	189,960

January 1, 1972 through September 30, 1974

41. Enplaned passengers 11,863,305

42. Flights scheduled 605,477

43. Flights performed 597,559

44. Ten persons (four in Customer Relations; one in Cargo Administration; five in Baggage Service) were employed during the period January 1, 1972 through September 30, 1974 for investigating and handling consumer problems.

45. During the period January 1, 1972 through September 30, 1974, 8,516 letters were received by our Customer Relations Department.
46. There were 6,794 complaints received out of 8,516 letters.
47. We do not segregate this type of expense.
48. Monetary settlement during the period January 1, 1972 through September 30, 1974 for claims amounted to \$143,208.
49. Not available
50. Not available
51. We will waive the tariff in order to settle complaints from mishandled passengers only when the entire trip was in vain and the passenger was totally unable to accomplish his purpose due to the carrier's schedule irregularity.
52. When a complaint is received, copies of each file are sent to the local station manager so that the incident can be reviewed with the personnel involved, and to the department head who requires a report from the local manager on what corrective measures were taken.
53. A. The most frequent subjects of passenger complaints are:
1. Personnel attitude
  2. Schedule irregularity and lack of assistance in those instances
  3. Reservations booking and oversales
- B. Not available
54. Figures not available
55. During the period January 1, 1972 through September 30, 1974 there were 1,733 pieces of lost luggage. This figure includes the loss of small items confiscated by security prior to passengers boarding our flights.
56. The number of delayed pieces of luggage is not available. There were 972 claims paid.
57. The number of damaged pieces of luggage is not available. There were 13,813 passenger claims, which represents all types of damages.
58. The number of pieces of pilfered luggage is not available. There were 604 passenger claims.
- 59.-65. We do not have a breakdown between the various categories listed for these questions. Our total expense for the seven categories for the period 1/1/72-10/1/74 was \$1,246,513.
66. Figures not available
67. Figures not available

68. Figures not available

69. Figures not available

70. We have not set policy regarding proof of ownership of passengers' luggage and its contents except to require claim check and passenger ticket to substantiate claim. Each claim is judged individually and no notice is given prior to check-in.

71. See PR-6 Rule 340 Acceptance of Baggage (Exhibit B attached). [Omitted; it is on file with the CAB.]

72. Positive claim has been installed in four cities on our system where high theft of baggage had occurred in the past.

73. In processing claims regarding pilferage from a passenger's checked bag, the passenger is required to fill out a Statement of Pilfered Baggage form which we supply. He must also give a description of the missing item, furnish a sales receipt if available and be able to provide us with a copy of his passenger ticket and baggage claim check.

74. The average length of time required to settle a claim for lost baggage is 45 days or less and 14 days or less for pilfered baggage.

75. There are no set procedures regarding the investigation of the validity of a baggage claim. Each claim is evaluated separately. The amount of investigation is based on how believable the claim is. This is determined by using good judgment and past experience of claims analyst.

76. Twice a day the computer generates flight availability status messages to our reservation offices. These messages reflect all flights, dates and appropriate cities on our system that are booked to capacity. We maintain these messages at specialized positions, and when the computer is down, our reservationists revert to manual procedures whereby they request on-line confirmation from the personnel maintaining the availability status messages. Confirmation of interline flights is obtained via telephone calls to the appropriate airlines. The passenger name records are recorded manually on a reservation card and input immediately upon resumption of computer service.

77. All ticket sales are audited in our Passenger Revenue Accounting Department. If an overcharge was made to a passenger who paid by credit card, an adjustment to his billing is put through immediately. Otherwise, it is extremely costly in personnel time, and often impossible, to locate the buyer of the ticket and make a refund, because our records do not contain the buyer's address. Consideration has been given to storing address information in our computer, but the expense is far greater than any benefits.

Any request for refund from a passenger who can supply his passenger coupon or information as to when he traveled is investigated promptly and a refund issued. (Please see our response to Question 99 for additional comments on this subject.)

78. Many passenger refunds are handled directly in the field where little or no waiting time is involved. Unused tickets or coupons containing overcharges are refunded in the field. Transportation credits made by the General Office for used coupons are processed within ten working days of receipt, often within one week.

79. We do not have any statistics available indicating the percentage of passengers making car rental arrangements through our reservation offices, or the associated costs. In reference to the hotels, we do not handle arrangements for hotel accommodations for our passengers.

80. When a schedule change is loaded into our computer, all passenger name records of customers affected by a change are handled as follows:

a. On-line originating passengers - The passenger name records of local originating passengers are automatically directed to a special area of our computer system designated for schedule change processing. Our reservationists then manually process these records by contacting the customers, advising them of the appropriate changes, and making any alternate arrangements as requested by the customer.

b. Interline originating passengers - A schedule change advisory message is automatically generated to the interline carrier in control of the customer. It is then the responsibility of that airline to contact the customer and make any changes requested.

Automatic protection is offered on all flights which are cancelled as the result of a schedule change. In the event there is no protection which would allow the customer to make his/her previously booked connection, the computer will direct the passenger name record to the area requiring manual processing.

If the affected customer is an on-line originating passenger, our reservationists will contact him/her and make appropriate alternate arrangements. If the customer is controlled by an interline carrier, a manual message is transmitted advising that there is no protection to make the connection. The interline carrier then is responsible for making alternate arrangements.

81. A lost ticket will be refunded if no usage occurs on the ticket in 90 days from the time of sale or intended use. We would refund the original ticket if no usage had occurred during the required waiting period. There is a \$5 charge for lost ticket refunds.

82. None

83. From January 1, 1972 - October 1, 1974, 6,906 passengers were denied boarding on flights for which they had confirmed reservations or valid tickets.

84. From January 1, 1972 - October 1, 1974, 3,837 of the passengers denied boarding were eligible for denied boarding compensation.

85. Not any of these passengers were denied boarding because of equipment substitution.

86. Not any of these passengers were denied boarding because of government requisition of space.

87. From January 1, 1972 - October 1, 1974, 2,529 passenger reservations were cancelled due to their failure to meet check-in or ticketing requirements; consequently, they were denied boarding.

88. We were able to rebook 3,069 passengers on a flight scheduled to arrive within



two hours of their original flight.

89. The denied boarding claims for 1/1/72 - 10/1/74 amounted to \$151,298.

90. Not applicable

91. Not applicable

92. North Central does not offer conditional reservations.

93. The boarding priority of a no-record passenger holding a ticket with an "OK" status is not affected. The passenger's ticket coupon is lifted at the time he checks in and he is boarded along with the rest of the passengers. In the event the flight does result in an oversold condition, the boarding priorities, which are enclosed as requested in Item 94, are utilized. The affected passenger(s) is/are offered denied boarding compensation.

94. All customers holding tickets with an "OK" status are checked in at the time they present themselves at our ticket lift point. If the flight is oversold, the bumping priorities reflected in the enclosed material are effected. (See Exhibits C & D)

95. From 1/1/72 - 10/1/74, 554 complaints were received on schedule irregularity.

96. The cost of providing amenities to delayed passengers for 1/1/72 - 10/1/74 was \$516,146.

97. After a flight departs a station, the flight crew radios the "off" time to our local operations office. Our operations personnel then input the information into our computer system, which automatically updates the progress information for that specific flight. This information is immediately accessible to our reservationists and other personnel responsible for giving flight information to the public.

98. The procedure for notifying delayed passengers of the availability of amenities is explained in the enclosed material (Traffic Manual, Chapter 3, Section VIII, pages 3.8.01 through 3.8.07). (See Exhibit D.)

99. Perhaps the best way we have of insuring that passengers are not overcharged is the use of computer priced tickets, which do not contain fare errors. We presently have computer ticketing capability in all of our major cities, as well as a large number of our smaller ones. The computer can price over 90% of all routings we encounter. Even tickets written by hand may be priced by the computer rather than the agent.

As more widespread use is made of computerized ticketing, we expect the number of fare errors (both over and under charges) to drop substantially. We expect eventually to be able to write 85-90% of our own agent-written tickets by computer (the remainder being very small cities, unusual unprogrammable routings, and travel agency tickets).

Recently, we made a survey of our largest stations to determine the extent of overcharges and undercharges. The results of this study indicated that there were more undercharges than overcharges. The result of the sample was that for all tickets which were incorrectly priced, the net average error was a \$2 undercharge.

## DATA FOR QUESTION #6

## NORTH CENTRAL AIRLINES, INC.

EXHIBIT A

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Operating Revenues (000)	29,715	33,891	39,612	42,850	55,226	68,428	91,952	100,865	120,627	127,392	113,755
Operating Expenses (000)	27,083	31,325	37,226	41,962	54,200	68,035	83,787	93,050	108,272	115,391	98,592
Operating Profit (000)	2,032	2,566	2,316	888	1,026	393	8,165	5,815	12,355	12,001	15,163
Non-Operating Expenses (000)	348	443	465	828	3,008	4,677	4,876	4,036	2,352	2,791	2,073
Earnings (Loss) Before Tax (000)	1,684	2,123	1,851	260	(1,982)	(4,284)	3,289	1,779	9,396	9,210	13,090
Extraordinary Gain (Loss) (000)	34	22	24	924	1,183	(29)	(660)	(10)	1,043	0	-0-
Income Tax (000)	34	22	24	924	1,183	(29)	(660)	(10)	1,043	0	-0-
Net Earnings (Loss) (000)	(873)	(1,006)	(720)	336	869	1,935	(451)	(544)	(2,903)	(2,763)	6,528
	845	1,139	1,155	1,520	70	(2,378)	2,178	1,225	7,536	6,447	6,562
Earnings Per Share	\$ .10	\$ .13	\$ .13	\$ .17	\$ .01	(\$ .26)	\$ .21	\$ .11	\$ .60	\$ .52	\$ .53
Return on Equity	16.0%	22.8%	18.4%	27.0%	.9%	(15.2%)	12.2%	4.5%	22.7%	15.9%	
Passenger Load Factor %	44.86	46.58	48.18	45.74	39.74	39.51	44.53	44.16	50.25	47.30	50.39%
System Load Factor %	46.40	49.71	52.99	46.91	36.10	32.07	38.45	36.26	43.08	41.16	45.03%

FOR ITEMS 94 + 100 b.

EXHIBIT C

# TRAFFIC MANUAL



CHAPTER 3  
SECTION VII  
SUBJECT PASSENGER HANDLING

PAGE 14  
ISSUED 4/1/69  
EFFECTIVE 4/1/69  
SUPERSEDES 9/1/68

- 3) A written explanation of Denied Boarding Notice (TS-68) must be furnished to every passenger who is oversold. Upon receipt of his signature on the form proceed with the actual amount of compensation. This form is placed inside the Refund Draft (TRV-320).
- 4) The reverse side of the draft is stamped with the release stamp, which when signed and endorsed, releases North Central Airlines of any liability provided it is completed within thirty (30) days. In the event this cannot be prepared as the incident occurs, tender shall be made by mail or other means within 24 hours of the occurrence.
- 5) Procedures for Issuing Compensation
  - a) Complete a Denied Boarding Notice (TS-68)
  - b) Complete a Refund Draft (TRV-320) for the exact amount of compensation and stamp the reverse side with Receipt of Release stamp.
  - c) Enclose original copy of TS-68 in the refund draft envelope
  - d) Present a copy of the Denied Boarding Notice (TS-68) and Refund draft (TRV-320) to the passenger.
- 6) Refund of a Ticket
  - a) If a passenger prefers to cancel plans and desires a rebate, refund his ticket on an involuntary basis according to established procedures.
  - b) Use a separate Refund Draft for the ticket refund and do not stamp the reverse side.
- 7) If a passenger refuses compensation, and does not accept a Refund Draft covering the proper amount of denied compensation, authorization to provide limousine, hotel and meal expenses should apply. If the passenger does not accept compensation, or if he refuses to accept motel accommodations etc., he still must be given the original copy of the TS-68 and affix his signature.

NOTE: The passenger is entitled to one or the other, but not to both.

## 8) Oversale Report

The newly revised Oversale Report (TS-109) must be prepared for EACH oversale.

- 9) Passengers will be accommodated in accordance with the priority list established below:

a) National Security and Defense

# 94: PRIORITIES SET IN DETERMINING WHOM TO BUMP  
+  
#100 b.

# TRAFFIC MANUAL



CHAPTER 3  
SECTION VII  
SUBJECT PASSENGER HANDLING

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494 CONT'D.

- b) Government officials on official business
- c) Boarding passengers unduly inconvenienced due to lack of frequency or alternate transportation.
- d) Personal emergency
- e) Passengers holding downline connections
- f) Aged or infirm
- g) Inter/Intraline passenger connecting at the point of irregularity
- h) Split parties
- i) Military fares
- j) ~~Youth fares~~
- k) Discover America Fares

- 
- 10) If a charter service is available and will effect the passengers arrival at his destination within the designated time limit of two hours, arrangements of this type should be made providing the charges do not exceed the amount of transportation paid for, or to make connections with the last flight of the day. It is suggested that compensation be paid and ticket values refunded, and that arrangements be made and conducted by the passenger.

## J. Late Passengers

- 1) All agents should strongly urge ticketed passengers to report to the ticket counter, or gate area, no less than twenty minutes prior to flight departure to help insure on-time operation of all flights and avoid unnecessary delays incurred by last-minute check-ins. These reservations are subject to cancellation 10 minutes prior to flight departure.
- 2) Passengers with a thirty minute ticket time limit who do not claim their reservations by the indicated time may also have their reservations cancelled and resold.
- 3) Agents may request an authorization from Flight Control to delay a flight up to ten minutes if circumstances allow, for passengers whose late arrivals are due to the following:
  - a) When cab or limousine is unavoidably delayed enroute to the field.
  - b) In case of emergencies; i.e., passenger on death call.
  - c) Connecting passengers from other carriers.

EXAMPLE: A delay would not be requested for a late arriving passenger if it would cause other passengers to miss their connections.

A delay would be requested for connecting passengers when such a delay would not adversely affect the performance of the flight.

Based on the judgement of the agent, passengers may be accommodated as near as possible to flight departure time.

FOR ITEMS #94 + #98 + 1000.

EXHIBIT D

# TRAFFIC MANUAL

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CHAPTER: 3  
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ISSUED: 9-15-72  
EFFECTIVE: 9-15-72  
SUPERSEDES: 4-15-70

## SECTION VIII - INCONVENIENCED PASSENGER

### A. General

Passengers who are inconvenienced, due to irregular flight operations or due to oversales, will be provided with certain services as outlined in this Section. When handling subject passengers, it is important to recognize that the needs of all passengers affected will not be the same. For this reason, alternative services are outlined in Paragraph B. Do not treat the affected passengers as a group but rather as individuals. Offer each passenger the alternatives available and assist him/her, as necessary, in deciding which alternative best suits his/her needs. After determining what services (in keeping with company policy) best suit the passenger's need, issue the necessary authorizations in a courteous and efficient manner.

### B. Alternate Service Guide

The Alternate Service Guide is a two part guide:

- Part I is used to determine what service(s) may be offered.
- Part II is used to determine procedure applicable to the issuance or authorization of the service(s) selected.

To use the guide: (1) find the situation (1 thru 4 - Part I) which best describes the irregularity. (2) select from one of the columns (a, b, or c, etc.) which best serves the needs of the passenger. (3) refer to the applicable services (1 thru 10 - Part II) for issuance and authorization procedures.

For detailed explanation of Alternate Services, refer to Paragraph C, this Section.

Note: For ease of reference, service code numbers 1 thru 10 - Part II are shown in columns a, b, c, etc., - Part I and also correspond to sub-paragraph numbers 1 thru 10, Paragraph C, this Section.

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EFFECTIVE: 11-15-74  
SUPERSEDES: 9-15-72

## Alternative Service Guide - Part 1

- Available Alternatives -						
a.	b.	c.	d.	e.	f.	
1. Passenger Delayed						
a. At NC board point	2+3+8	5+3	1+4	6+3+8		
b. En route on NC	2+3+8	5+3	1+4	6+3+8		
2. Flight/Destination Canceled						
a. At NC board point	2+3+8	5+3	1+4	6+3+8		
(1) Outbound NC flight	2+3+8	5+3	1+4	6+3+8		
(2) NC downline connecting flight	2+3+8	5+3	1+4	6+3+8		
b. En route on NC	2+3+8	5+3	1+4	6+3+8	2+3+7+8	9+3
3. Misconnection						
a. NC delivering carrier	2+3+8	5+3	1+4			
(1) At NC board point	2+3+8	5+3	1+4			
(2) At connecting point	2	5	1			
b. OA delivering carrier						
4. Oversold Passenger **						
a. Alternate Air (Scheduled)						
(1) Arrival within 2 hours	2+3	5+3				
(2) Arrival 2 to 24 hours beyond						
(a) Compensation Accepted	2+10	5+10	1+10			
(b) Compensation Refused	2+3+8	5+3	1+4	6+3+8	2+3+7+8	
b. Alternate other than scheduled Air						
(1) Arrival within 2 hours	6+3					
(a) Transportation Accepted	1+10					
(b) Transportation Refused	1+4					
1) Compensation Accepted						
2) Compensation Refused						
(2) Arrival beyond 2 hours	1+10	6+10				
(a) Compensation Accepted	1+4	6+3+8				
(b) Compensation Refused						
→ 5. Override Destination						
a. En route on NC	2+3+8	5+3	2+3+7+8	3+9		
→ 6. Passenger Boards Wrong Flight						
a. At NC board point	2+3+8	5+3	1+4			
b. En route on NC	2+3+8	5+3	1+4	6+3+8	2+3+7+8	9+3

\*\* Denied Boarding Notice must be issued to all oversold passengers.

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## Alternative Service Guide - Part II

SERVICE CODE NUMBER	TYPE OF SERVICE	EXPENSE/REFUND LIMITATION	ACTION
1	Involuntary refund	1) No portion of tkt used: refund full value. 2) Portion has been used: refund applicable one-way less original discount applied.	Issue Refund Draft, Transportation Credit, or Refund Application, as appropriate.
2	Online rerouting	Transportation via NCA most direct routing.	Revalidate, reissue or complete Flight Interruption Manifest.
3	Courtesy message Telephone call	One 3-minute station-to-station call.	Send ESCORT message to NC destination. Use NC toll free telephone where possible. Charge to NC local phone number when necessary.
4	Local Transportation	Attempt to limit to one-way transportation between airport and city.	Issue Passenger Service Voucher (TS-52).
5	Offline rerouting	PR-6, Rule 380, Paragraph C and D.	Revalidate, reissue or complete Flight Interruption Manifest.
6	Surface Transportation	Applicable one-way air fare between points where the surface transportation is provided.	Pull unused coupon, when applicable. Complete Flight Interruption Manifest. Issue Post Card Refund Application (TS-114). Complete TRV-79.
7	Overnight accommodations	As described in Paragraph C, this section.	Issue Passenger Service Voucher (TS-52).
8	Meal expenses	As described in Paragraph C, this section.	Issue Passenger Service Voucher (TS-52).
9	Return Transportation	Transportation to last NC stopover point, or point of NCA origin (whichever is applicable) on First Available NC Flight. <u>NOTE: VIA NC ONLY.</u>	Issue Flight Interruption Manifest (TS-62). (Include brief note of explanation.)
10	Oversale Compensation	Value of first remaining Flight Coupon.  Minimum -- \$ 25.00 Maximum -- \$200.00	Issue Oversale Compensation (Refund Draft). Complete Oversale Report.

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## C. Explanation - Alternative Services

### 1. Involuntary Refund

Issue refund in accordance with Chapter 7, Section III, Paragraph 2, and Chapter 7, Section IV - Refund Guide.

### 2. On-line Rerouting

a. The rerouting should be via the most direct routing possible, i.e., via a point on the routing specified in conjunction with the fare published between the point where rerouting occurs and the destination.

b. If the passenger is a local boarding passenger, the ticket must be reissued/revalidated in accordance with procedure outlined in Chapter 4, Section 9.

c. If the passenger is a through passenger on the flight at your station, complete a Flight Interruption Manifest in accordance with Chapter 4, Section 30.

### 3. Courtesy Message/Telephone Call

a. Whenever a passengers arrival at destination will be delayed beyond 4 hours of originally scheduled arrival time, a message or telephone call to destination is authorized.

b. When an ESCORT message or a toll free phone call can be made, these should be used prior to any long distance telephone calls.

c. When an ESCORT message will not suffice and toll free phone call cannot be made, a 3 minute long distance phone call is authorized. When possible, the call should be placed from a North Central phone, but when it is impracticable to do so the call may be placed on another phone and charged to the local North Central telephone number.

d. Long distance telephone calls are authorized only to points within the Continental United States or points within the "Buffer Zone."

### 4. Local Transportation

Transportation from the airport to a point within the same metropolitan area where surface transportation is to be resumed may be provided to passengers who are not advised of a cancelation, or omission of a stop, prior to arriving at the airport, or en route passengers deplaned. A Passenger Service Voucher must be completed as outlined in Paragraph "D" this section.



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## 5. Off-line Rerouting

Off-line rerouting is governed by PR-6, Rule 380, and is to be used only if on-line rerouting on North Central is impracticable, or unsatisfactory to the passenger. Ticket must be revalidated or reissued as outlined in Chapter 4, Section 9, Paragraph C.

## 6. Surface Transportation

- a. Surface transportation (for the purpose of this section) is defined as transportation arranged and paid for by North Central Airlines. Surface transportation may include:

- (1) Scheduled surface transportation
- (2) Chartered bus
- (3) Chartered limousine
- (4) Chartered cab

- b. Expenses incurred in surface transportation should not exceed the applicable one-way air fare between the points where provided.

- c. The passenger's flight coupon (covering transportation between the points where surface transportation is provided) must be lifted, enclosed in a "TRV-79" and forwarded to Revenue Accounting, Refunds Section. Where no coupon is available, a Flight Interruption Manifest must be completed as outlined in Chapter 4, Section 30.

- d. A Post Card Refund Application must be given to each passenger in connection with surface transportation.

- e. No refunds will be issued in the field in connection with surface transportation.

- f. Air Taxi/Rent-a-Car Exclusion

Whenever an Air Taxi or Rent-a-Car is used, North Central will render all possible assistance in arranging the transportation; however, North Central will not contract the services. The contract must be between the customer and the Air Taxi Operator or Car Rental Firm.

## 7. Overnight Motel/Hotel Accommodations

- a. So that expenses are held to a minimum, suggested limitations are listed below.

- (1) Class "A" cities - \$15.00
- (2) Class "B" and "C" cities - \$12.00

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- b. A Passenger Service Voucher must be completed as outlined in Paragraph "D" this section.
- c. Round Trip local transportation is authorized to/from the hotel/motel when a courtesy car is not provided.

## 8. Meal Expenses

- a. So that expenses are held to a minimum, suggested limitations are listed below.

- (1) Class "A" cities
  - (a) Breakfast - \$1.75
  - (b) Lunch - - - \$2.50
  - (c) Dinner- - - \$5.00
- (2) Class "B" and "C" cities
  - (a) Breakfast - \$1.25
  - (b) Lunch - - - \$2.00
  - (c) Dinner- - - \$4.00

## b. Meal hours

- (1) Meal service is authorized to a passenger delayed beyond one hour, when the delay occurs at a time which most people would consider during normal meal hours. Suggested normal meal hours are as follows:
  - (a) Breakfast - - 6:00 A.M. to 8:30 A.M.
  - (b) Lunch - - - 11:00 A.M. to 1:00 P.M.
  - (c) Dinner- - - 5:30 P.M. to 8:30 P.M.
- (2) The passenger should not be provided a meal when a meal will be served on the flight he is to ride.
- (3) A Passenger Service Voucher must be completed as outlined in Paragraph "D" this section.

## 9. Return Transportation

- a. When a passenger is misconnected (NC delivering) or delayed to the extent that the passenger must cancel the remaining portion of his trip, he may be provided return transportation (only via NC) to the point of NC origin, or last stopover point, at no additional cost to the passenger.

## 10. Oversale Compensation

- a. When a passenger holding a confirmed ticket is denied boarding because of an oversold condition, he is entitled to compensation at the rate of 100% of the value less tax of the first remaining flight coupon. The amount of compensation is subject to a minimum of \$25.00 and a maximum of \$200.00.

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- b. In order to qualify for compensation, the passenger must have complied with requirements as to ticketing, check-in, and be acceptable for transportation under North Central Tariff Rules. However, the passenger is not eligible for compensation if the flight is unable to accommodate him due to:
  - (1) Government requisition of space, or
  - (2) Substitution of equipment of lesser capacity, or
  - (3) North Central arranges for comparable air transportation (via the scheduled air carriers to the same airport) which, at the time the arrangements are made, is planned to arrive not later than 2 hours after the flight on which the passenger was oversold (4 hours in the case of foreign transportation).
- c. If transportation is arranged (other than comparable air transportation as defined above) and is planned to arrive within 2 hours of the original flight, the passenger reserves the right of refusal. The passenger may refuse (not use) the transportation and will be eligible for compensation. If the passenger accepts (uses) the transportation, he is not eligible for compensation.
- d. A written explanation (Denied Boarding Notice) must be furnished to every passenger who is oversold.
- e. Oversale compensation will be accomplished by a Refund Draft at the station where the oversale occurs. If in the event compensation cannot be made when the incident occurs, tender must be made by mail or other means within 24 hours of the occurrence.
- f. If sufficient funds exist, have the passenger endorse the Draft, and exchange for cash.
- g. If the passenger desires a refund on the ticket, an involuntary refund may be issued; however, if by Draft, it must be a separate Draft from any compensation.
- h. Procedure for Compensating
  - (1) Completion of Denied Boarding Notice

Record the following information on the form. Item identifiers (a, b, etc.) correspond with the identified areas on the example form on the following page.

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## DENIED BOARDING NOTICE

Tariffs filed by this carrier with the Civil Aeronautics Board provide denied boarding compensation to a passenger holding confirmed reserved space where the flight for which the passenger is unable to be accommodated him and departs without him.

Provided that the passenger seats on the aircraft for which the flight is cancelled shall be entitled to an appropriate refund.

1 "Comparable air transportation" means transportation provided by air carriers or foreign air carriers holding certificates of public convenience and necessity or foreign permits issued by the Board.

Witness (c)

Refund Draft No. (b)

Dave Smith  
Signature (Company Rep.)

B 12303

2 "Airport" means the airport at which the direct or connecting flight, on which the passenger holds confirmed reserved space, is planned to arrive or some other airport serving the same metropolitan area that is served by the former: PROVIDED, That transportation to the other airport is accepted (i.e., used) by the passenger.

Flight No.

Date

57514 JUN 1972

(e) H. E. Johnson  
Customer's Signature

(d) 4200 WALNUT DR  
Street & No.

Original - Insert in Refund Draft  
2nd Copy - To Passenger  
3rd Copy - Local File

CHICAGO ILLINOIS 66234  
City & State

- (a) The Flight Number and Date
- (b) The Number of Refund Draft Completed
- (c) Signature of North Central Agent
- (d) Address of Passenger
- (e) Signature of the Passenger

→ Note: Notify CRC (via telephone or message) as soon as practical after a denied boarding occurs.

## OZARK AIR LINES RESPONSES TO AIRLINE QUESTIONNAIRE

1. Have you seriously considered lowering fares on any major routes within the past five years? If so, did you file tariffs embodying lower fares? (docket numbers?) If not, why not? Do current Board procedures inhibit or encourage the carriers to experiment with lower rates? How?

REPLY: Ozark has filed tariffs lowering fares in certain of its markets. Many reductions occur as a result of implementing joint fares, adjusting applicable rules, meeting competition (both direct and indirect), routing adjustments which permit circuitous travel at a through fare rather than at a combination of local fares, the offering of nondiscriminatory promotional/discount fares, commonrating and/or weighting fares, reducing higher intermediate fares on applicable routings. etc.

Ozark believes the current Board procedures do not inhibit carriers from experimenting with lower rates. Any tariff filing must be fully justified and meet the profit-impact test, no matter whether the filing encompasses increases or decreases.

2. Do you support the type of "zone of reasonableness" fare proportion of business and pleasure passengers you carry on a) transcontinental flights; b) major short haul routes; c) minor short haul routes; d) international routes.

REPLY: Ozark's position regarding "zone of reasonableness" fares is as stated in our Brief to Examiner Robert M. Johnson, Docket 21866-9.

Quoting from this Brief:

"There are a number of factors that go into determining the appropriate fare for any given market, and there are certainly instances where costs in one market would vary significantly above or below the average costs for markets of the same distance. These factors could range all the way from unusually high landing fees or airport charges to delays caused by congestion. Thus, the Board should adopt a formula based on the best evidence as to average costs, but which should permit the carriers to vary from the formula within a reasonable range if there is a showing of disproportionate costs of serving a particular market. However, instead of allowing fares within a certain percentage of the basic fare to be regarded as *prima facie* just and reasonable, there should be some tariff justification required to demonstrate the unusual conditions in the market. This would prevent unfair competitive factors between carriers having different quantities of service and market share who might price fares below-average level for competitive reasons without proper cost considerations.

Therefore, while Ozark believes that there is a need for flexibility, we believe that there should be some showing required by the carriers to justify the use of the flexibility in a particular market."

3. List representative figures to indicate the approximate proportion of business and pleasure passengers you carry on a) transcontinental flights; b) major short haul routes; c) minor short haul routes; d) international routes.

REPLY: a) Not applicable

b) During September and October, Ozark conducted a survey of passengers in medium haul markets. A total of 10,064 valid questionnaires were returned with the purpose of trip indicated as follows:

1) Business	70%
2) Pleasure	22%
3) Emergency	4%
4) Other	4%
<hr/> TOTAL	<hr/> 100%

c) No information available

d) Not applicable

4. How do you determine the proper fare for a particular city pair? Who, within your organization makes this decision? What studies are made for us in making it? Have you studied the possible effects of increased fare competition on your fares, costs, and profits? Describe in detail the studies you have made, and their conclusions.

REPLY: Generally speaking, the proper fare for a particular city pair is established by applying the formula adopted by the Board, followed by any downward adjustments applicable to compensate for direct and/or indirect competitive factors, routing situations such as hidden city and point beyond problems, etc. Proper fare levels are determined through joint coordination of the involved departments (Traffic, Marketing, Finance, and Executive/Legal). Individual studies and market surveys are made as necessary. The possible effects of increased fare competition are studied and are an important consideration on the part of Ozark. However, since our studies usually involve, individual markets, it is impractical to describe them, or their conclusions, in detail.

5. How many times during the past ten years have your company or competing airlines filed for fare increases? In which markets? How many times have you matched fare increases that the Board approved? In which markets? Has your airline, in circumstances where a competitor filed an application for a fare increase which was approved, felt pressure -- formal or informal -- from the CAB or its staff to file for a similar fare increase? When? Describe. Has your airline felt pressure from other airlines to match an approved fare increase? Describe.

REPLY: Virtually all of Ozark's fare increase filings in the last ten years have been filed in response to industry filings and in cases we have matched fare increases approved by the Board. Ozark has not felt formal or informal pressures from the CAB or other carriers to file increases -- the pressures have always been economic.

6. Enclose a statement of your costs, revenues, gross profits, interest on debt, actual taxes paid, net return to equity, and load factors for your domestic routes, and for your international routes broken down by individual route insofar as possible for each year for the past ten years. (Indicate as well those of your costs and profits that are attributable a) Your charter operations; b) other non scheduled airline related activities; c) non airline activities)

Include that same information for the nine months ending Sept. 30, 1974.

Include the same information for the following routes.\* 1) all routes on which capacity restricting agreements have been made with other airlines; 2) those same routes prior to the time capacity restricting agreements took effect; 3) San Francisco/Los Angeles 4) Boston/New York; 5) Boston/Washington; 6) Washington/New York 7) routes between the East Coast and Chicago; 8) transcontinental routes; 9) North Atlantic routes. Provide information as to the traffic density of each of these routes. How would these figures change if the load factors on these routes averaged 55%? 60%? 65%? 70%?

\* where applicable

REPLY: Those sections of Question Six (6) which deal with capacity restriction agreements are not applicable to Ozark inasmuch as Ozark is not a party to any such agreements.

For reply to the balance of the question, see the "Statement of Operations and Related Data" on the following page.

## STATEMENT OF OPERATIONS AND RELATED DATA 1964 - 1974

(000 omitted)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	9 Months Ended 9-30-74
Total Operating Revenues	\$20,663	\$24,653	\$30,312	\$33,496	\$45,010	\$56,362	\$66,110	\$82,537	\$90,105	\$81,610	\$87,998
Total Operating Expenses	19,121	23,427	28,932	33,907	43,613	57,557	66,378	74,432	83,874	79,112	80,372
Operating Income (Loss)	1,542	1,226	1,380	(7)	1,397	1,195	1,932	8,105	6,226	2,498	6,526
Nonoperating Expenses - Net	489	346	614	1,325	3,016	3,794	3,803	3,497	2,736	2,633	1,835
Income (Loss) Before Taxes and Extraordinary Items	1,053	880	766	(1,332)	1,619	4,989	(2,271)	4,608	3,490	(135)	4,691
Extraordinary Items, Net of Taxes: - Applicable	21	-1	364	7,751	432	316	-	1,907	-	-	-
Income Loss Before Taxes	1,032	931	1,130	219	1,167	4,671	(2,271)	6,515	3,490	(135)	4,691
Taxes on Income	337	405	226	(1,123)	517	(678)	-	2,169	928	35	1,269
Net Income Loss	695	526	904	(1,342)	650	(3,993)	(2,271)	4,346	2,562	(170)	3,422

Additional Information  
Interest and debt expense, included  
in nonoperating expense above

## Actual taxes paid\*

Federal	\$ 291	\$ 1	\$ 6	\$ 69	\$ 1	\$ 3	-	\$ 344	\$ 882	\$ 90	N.A.
State	11	4	5	5	-	-	-	71	85	7	N.A.
Average	\$ 401	\$ 5	\$ 11	\$ 74	\$ 1	\$ 3	-	\$ 415	\$ 967	\$ 97	N.A.

Quarter revenues included in  
operating revenues above

Stockholders' Equity	\$ 64	\$ 63	\$ 112	\$ 391	\$ 541	\$ 214	\$ 1,565	\$ 1,897	\$ 1,228	\$ 1,869	\$ 1,609
Beginning of year	\$ 2,071	\$ 2,567	\$ 4,491	\$ 6,366	\$ 11,311	\$ 12,243	\$ 8,636	\$ 6,398	\$ 14,805	\$ 18,602	\$ 18,431
End of year	2,567	4,491	6,366	11,311	12,243	8,636	6,398	14,805	18,602	18,431	21,515
Average	\$ 2,319	\$ 3,529	\$ 5,428	\$ 8,838	\$ 11,777	\$ 10,440	\$ 7,517	\$ 10,602	\$ 16,704	\$ 18,517	\$ 19,973

Income (loss) as a percent of  
stockholders' equity

Load Factor - passenger	21.3%	15.5%	16.6%	15.2%	(5.5%)	(38.2%)	(30.2%)	41.0%	15.3%	(.9%)	17.1%
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N.A. - not available - taxes not paid until calendar year has ended.  
\*Reflects carryback and carryforward of net operating losses in year to which refund applied.

Load Factor - passenger	51.9%	53.6%	52.2%	46.5%	47.3%	45.7%	43.7%	47.4%	49.0%	47.6%	51.3%
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7. Provide a statement of actual and predicated cash flow over the past five years. Provide a statement of projected cash flow over the next five years. What load factors did you assume in arriving at the figures in these statements? How do the figures change assuming load factors of 55%? 60%? 65%? 70%?

REPLY: Ozark is unable to furnish data requested with regard to predicated or projected cash flow, nor are we able to relate projected cash flow to load factors in any direct proportion.

However, actual cash flow is represented by the "Statement of Source and Application of Funds" on the following page.

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

## SOURCE OF FUNDS

	1969	1970	1971	1972	1973
Operations					
Net Income (Loss)	\$ ( 3,992,693)	\$ ( 2,270,663)	\$ 4,346,330	\$ 2,561,792	\$ ( 170,444)
Depreciation & Amortization	4,014,400	5,576,900	5,850,715	5,515,547	5,780,431
Amortization of Overhaul & Other Costs	1,935,433	2,353,534	2,712,712	2,853,958	2,668,876
Deferred Income Taxes	\$ 2,945,140	\$ 5,659,971	\$ 12,909,757	74,000	( 211,000)
				\$ 11,005,297	\$ 8,087,863
Proceeds From Insurance Claims	3,590,000				
Lease Security Deposit	( 867,355)	867,355			758,597
Sale or Disposal of Operating Property	1,554,502				
Increase in Long Term Borrowings	13,500,000	788,629			
Increase (Decrease) in Accounts Payable and Accrued Liabilities	3,415,317	2,125,755	( 1,029,594)	2,905,061	( 112,672)
Sale of Common Stock & Warrant			4,031,148		
Increase in Taxes on Income			415,691	17,376	( 283,903)
Exercise of Stock Options			29,239	1,126,000	
TOTALS	\$ 24,137,604	\$ 9,441,710	\$ 16,356,241	\$ 15,189,684	\$ 8,449,885
APPLICATION OF FUNDS					
Increase in Accounts Receivable	2,274,642	964,268	172,342	4,202,184	( 1,867,895)
Increase (Decrease) in Spare Parts and Assemblies	170,378	352,968	( 23,767)	201,509	415,759
Purchase of Operating Property and Equipment	17,869,472	5,180,014	2,346,501	9,376,884	5,466,687
Payments on Long Term Borrowings	3,885,989	4,683,814	5,341,079	4,618,132	4,618,132
Other Items - Net	1,477,412	164,168	( 67)	( 151,990)	1,131,842
Conversion of Debentures into Common Stock			29,239		
TOTALS	\$ 25,677,893	\$ 11,016,896	\$ 7,865,327	\$ 19,372,719	\$ 9,764,525
Increase (Decrease) in Cash	\$ ( 1,540,289)	\$ ( 1,575,186)	\$ 8,490,914	\$ ( 4,183,035)	\$ ( 1,314,640)
Cash Balance At End Of Year	\$ 4,127,892	\$ 2,552,706	\$ 11,043,620	\$ 6,860,585	\$ 5,545,945

8. List your purchases and leases of new airplanes made in the past five years. How much money have you invested in new airplanes during that time? What is the rate at which you depreciate those airplanes? How were these purchases financed? If they were financed by bond sales, list the amounts and dates on which these bonds fell due.

REPLY: Ozark's purchase of major capital items has been confined to aircraft.

A total of ten new DC-9 aircraft were purchased and/or leased during the period 1968 - 1973.

A table detailing cost, depreciation and financing methods is on the following page. This table does not include six used aircraft purchased during the time period 1968 - 1974.



9. Describe your existing outstanding contracts for the purchase of airplanes or other major items of equipment. Describe other such purchases that you plan over the next five years, which are not now covered by contracts.

REPLY: Ozark has contracted to acquire four used DC-9-30 aircraft from Storer Leasing, Inc. for delivery in 1975 at an aggregate cost of approximately \$15,000,000.

No additional acquisition of aircraft has been definitely planned over the next five years.

No major other equipment purchases are planned over the next five years.

10. List the salaries, bonuses and any other compensation paid to the ten highest paid executives in your company for each year for the past five years.

REPLY: Direct compensation of Ozark Corporate Officers has been limited to salary. No bonuses have been paid to any Corporate Officers.

As a result of Executive changes by death, retirement and reorganization, more than ten individuals have been among the ten highest paid Executives. Thus, the names will vary from year-to-year.

A table showing the ten highest paid Executives for each year 1969 - 1973 is on the following page.

SALARIES AND OTHER COMPENSATION  
TEN HIGHEST PAID EXECUTIVES

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
T. L. Grace - President - Deceased 1971	\$ 73,867	\$ 77,000	\$ 41,825	--	--
E. J. Crane - Executive V. P. & Treasurer - President 1971	\$ 37,667	\$ 42,458	\$ 44,865	\$ 55,179	\$ 72,391
J. P. Bradshaw - Chairman of Board - Deceased 1970	\$ 38,033	--	--	--	--
R. L. Wageneck - Senior V. P.-Operations & Maintenance	\$ 32,100	\$ 35,025	\$ 36,752	\$ 39,631	\$ 42,321
P. J. Rodgers - Senior V. P.-Marketing & Industry Affairs	\$ 26,000	\$ 28,575	\$ 29,833	\$ 32,223	\$ 35,092
R. G. Rees - Vice President-Operations	\$ 26,000	\$ 27,350	\$ 27,625	\$ 29,962	\$ 32,359
D. G. Weishaar - Vice President-Traffic & Route Development	--	\$ 25,575	\$ 26,825	\$ 29,123	\$ 31,435
E. E. Boock - Vice President-Maintenance	--	\$ 25,750	\$ 27,125	\$ 29,731	\$ 32,359
P. L. Bradshaw - Senior V. P. & General Counsel	\$ 23,356	\$ 24,500	--	--	--
A. G. Heyne - Vice President & Secretary	\$ 23,200	\$ 24,500	--	--	--
A. J. Rose - Vice President-Finance & Treasurer	--	--	\$ 26,479	\$ 30,231	\$ 33,478
C. C. Mounts - Vice President-Industrial Relations	\$ 24,200	\$ 27,125	\$ 28,625	\$ 30,923	\$ 33,359
H. J. Salfen - Vice President-Marketing	\$ 23,700	\$ 26,275	\$ 27,525	--	--
R. C. Hannon - Vice President-Customer Services	--	--	--	\$ 26,155	\$ 27,935
L. L. Cox - Chairman of the Board	--	--	--	16,159	20,000

11. If your costs were to exceed your revenues each year for the next five years, by, say 5% or 10%, what steps would you take to avoid bankruptcy? Cut salaries? Renegotiate contracts with unions? Postpone dates on which payments for aircraft are due? Other? Would you reorganize the company before going into bankruptcy? What would be the effect of bankruptcy on debt holders, equity holders, the traveling public? Would the company stay in business? Were payments on airplanes rescheduled or forgiven, would it be possible to stay in business? How much leeway, in terms of cash-flow, would such rescheduling or forgiveness produce?

REPLY: Ozark would do everything within its power to avoid bankruptcy, including cutting salaries, reducing personnel, renegotiating contracts with unions wherever possible, and postponing payments for aircraft and other necessary obligations. Ozark would attempt to reorganize the company before going into bankruptcy. Obviously bankruptcy would have a disastrous effect on all equity holders. Insofar as debt holders are concerned, the secured debt holders would probably find themselves with sufficient security to cover their exposure. However, the unsecured debt holders and the holders of Ozark's convertible subordinated debentures would not come out with much at all.

12. Do you believe the CAB ought, as its first priority, to act to prevent a possible bankruptcy by any major trunk carrier? If not its first priority, should the CAB give such a task a high priority? Under what conditions?

REPLY: The CAB should give first priority to developing and maintaining a strong and efficient air transportation system for the United States. The possible bankruptcy of a major trunk carrier could have an effect on this priority depending on the circumstances. Obviously, if the possible bankruptcy of a major trunk carrier were to materially weaken the air transportation system or leave a portion of it without replaceable air transportation or convenient alternate means of air transportation then such a circumstance should be given a high priority.

On the other hand, Ozark does not believe the high priority should be limited to a "major trunk carrier." The possible bankruptcy of a local service carrier would have a disastrous effect on most of the communities it serves.

13. Why in your view, are the original trunk carriers -- those in business in 1938 - the only trunk carriers still in business? Why have no other firms in the aviation business become trunk carriers?

REPLY: One of the principal reasons for establishing "grandfather" rights for the original trunk carriers was to stabilize the industry sufficiently to enable it to attract capital. Thus, the carriers were given certificates which protected then existing routes from entry other than that sanctioned by the C.A.B. At the same time, the carriers assumed service responsibilities over the routes awarded. Competition was insured in the major revenue producing markets from the outset, since most of the principal routes were awarded to more than one carrier.

Since 1938 expansion of the route system has been accomplished on a case by case basis by the C.A.B. Thus, the original carriers with systems and system traffic flows have been the logical candidates for the new route authority. Virtually all routes are served in conjunction with other routes because of equipment routing and the usual economic need to flow traffic over route segments from beyond points. Hence, a new entrant without the advantages of established stations, beyond traffic flows, and existing flights which could be extended into new markets would be unable to make a viable showing in an economic proceeding. Another reason militating against additional entry is that some markets can not support more than two carriers. Thus, the original certificates preempted the major routes necessary to support additional carriers. Note also that while the United States has ten trunks and eight large regional or local service carriers, most other countries have only one or two carriers providing all service -- both domestic and international.

Although the regional or local service carriers are not trunk lines, they were granted entry to some short-haul and medium-haul trunk routes in the late 1960s and early 1970s. Thus, competitive service is being offered in "trunk" markets by carriers not in existence in 1938.

14. If the CAB were to set a definite policy of not allowing any fare increases in the next five years, what would you do? Would you disinvest in aircraft? How can you do this? Would demand catch up to your present fleet? When? Suppose the CAB cut fares by 10% or suppose fuel costs continue to increase?

REPLY: If the CAB were to set a definite policy of not allowing any fare increases in the next five years, Ozark's course of conduct would depend on many variable. Since approximately 47 percent of Ozark's costs are labor costs, this area would receive priority attention. If traffic remained static, or certainly if there were traffic growth, Ozark would have difficulty disinvesting in aircraft. Ozark's present fleet consists of only 42 aircraft and Ozark has certain certificate obligations that must be fulfilled in its role of a subsidized local service carrier.

If fuel costs continue to increase and no fare increases were allowed, or if the CAB cut fares by 10%, Ozark would most definitely experience financial difficulty. Insofar as its obligations as a subsidized local service carrier is concerned, see Ozark's previous discussion in its answer to Question No. 11.

15. Normally, low profits are a signal to an industry that its investment is too large -- that it should disinvest. Is this "classical" statement applicable to the airline industry? If not, why not?

REPLY: No. History has shown that the air transportation industry is a cyclical industry and traffic trends are difficult to project over a long period of time. What might be too much investment one winter might not be enough the following summer or winter or vice versa. On the other hand, investment and disinvestment in aircraft is a long range planning process.



16. What major factors do you believe are responsible for the airline industry's low profit over the past few years? Do you believe that CAB policies contributed to, or offset, low profits? (Specify which policies and how.)

REPLY: To the extent this statement is true, the low profit is due to high and escalating labor costs, increased interest expense, significantly higher airport fees and increasing fuel costs. However, the local service industry's profit has not been that low over the past few years. The primary reason for the relative healthy financial picture of the locals is attributable to a number of factors. Many of these factors are a direct result of CAB policies -- a more equitable subsidy level to provide service to small communities, fare increases and certification of locals to provide service in some longer haul non-subsidized routes.

17. During a recent CAB proceeding an industry witness testified: "If a carrier were absolutely certain that the CAB would allow it to go bankrupt before it were given any relief, then I believe you would see some action taking place in eliminating marginal capacity (excess capacity)" Do you agree with this statement? Why? Do you believe that the CAB's load factor standards would be more effective in controlling load factors if the CAB were less concerned to prevent airline bankruptcy or reorganization?

REPLY: No. The management of most carriers attempts to operate in an efficient and economical way to insure profitable operations. If the CAB were less concerned to prevent airline bankruptcy or reorganization it would have little impact on the effectiveness of the load factor standards in controlling load factors.

18. Are your costs higher than, equal to, or lower than the industry average? By how much? Why?

REPLY: The costs of all local service carriers are higher than the industry average. These higher costs are principally due to the certificate operating requirements in many small markets and the short stage length of the flights.

19. List your advertising, other promotion, and office rental costs, absolutely, and as a percentage of total costs, for each year for the past five years.

REPLY: A table detailing the expenses and percentages is on the page following.

ADVERTISING, OTHER PROMOTIONAL AND OFFICE RENTALS

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
TOTAL OPERATING EXPENSES	\$57,557,000	\$66,578,000	\$74,432,000	\$83,879,000	\$79,112,000
ADVERTISING EXPENSES	1,507,245	1,479,000	1,058,082	1,348,575	1,192,883
Percent of Total Operating Expenses	2.6%	2.2%	1.4%	1.6%	1.5%
OTHER PROMOTIONAL	27,290	65,185	47,573	72,321	53,933
Percent of Total Operating Expenses	---	.1%	.1%	.1%	.1%
GENERAL OFFICE RENTAL	427,955	427,955	427,955	426,831	426,831
Percent of Total Operating Expenses	.7%	.6%	.6%	.5%	.5%

20. Assuming that all scheduled flights remain unchanged what is the additional cost of carrying one extra passenger on a flight?

REPLY: Certain assumptions must be made in order to answer this question. While the following is not meant to be cover all possible assumptions, it will illuminate the nature of the problem.

Not only must you assume that Ozark's entire fleet will be scheduled exactly the same under all conditions, but you must assume also (1) traffic levels will remain constant; (2) all other air carriers' schedules remain unchanged; (3) Ozark's performance and completion factors from weather conditions etc. will remain the same; (4) all airport and air traffic control facilities and costs will remain static; (5) employee and compensation levels will remain static and (6) that the one additional passenger's total journey is equal to that of the average passenger.

Assuming that the above qualifications are met, which is highly doubtful, the cost of carrying one additional passenger would still vary by the type of equipment he uses.

However, assuming that all conditions are met, and the one additional passenger avails himself of Ozark's DC-9 service, the minimum additional cost, based on today's expense levels, would be \$1.37. The \$1.37 figure includes, food, reservations, passenger liability insurance, interrupted trip expense, claims expense and security costs shortfall.

In an industry such as ours, ie: cyclical, and growth oriented, it is not practical to address incremental costs on a numerical base of one passenger.

21. Please answer the following questions in respect to each of the following markets: San Francisco/Hawaii, New York/Hawaii, New York/Los Angeles, New York/Atlanta, Chicago/New York, New York/Miami, Boston/Washington:

- a. What are your costs per flight (1) determined on a "fully allocated" cost basis, (2) determined on a DCB basis (as used by the CAB). (3) determined on an "incremental cost" basis (what do you include in "incremental cost")? Determine these costs insofar as possible both on a "seat-mile" basis and on a RPM basis.
- b. What are your load factors in each of those markets?

REPLY: Not applicable.

22. List the routes including international routes that you have applied for CAB permission to serve in the last five years. Indicate those routes where the CAB has granted denied permission. Indicate those where no action was taken by the CAB, along with the ultimate disposition of the application. As to each application, indicate the date of filing and the date of ultimate disposition along with the dates of any hearings held. Do you believe that Board actions on your route applications have generally been expeditious? If not, to what do you attribute the delay?

REPLY: INTERNATIONAL ROUTES SOUGHT BY OZARK, 1969-1974

Docket 18314: Chicago-Calgary-Edmonton-Anchorage, filed April, 1969. Ozark's motion to expedite the proceeding was denied and eventually the application was dismissed as stale.

Docket 23167: Dallas/Fort Worth-Mexico City/Acapulco. Ozark's application was filed in the spring of 1971, a full hearing was held July 20 and 21, 1971, consolidating the applications of Ozark and other carriers, and the routes were eventually awarded to other carriers. Final approval was announced in June, 1972.

Docket 26649: Dallas/Fort Worth-Mazatlan/La Paz/San Jose del Cabo/Puerto Vallarta/Guadalajara, Mexico. Ozark's application was filed in April, 1974, and is pending.

DOMESTIC ROUTES SOUGHT BY OZARK, 1970-1974

Docket 21817: Extension to Cleveland and Detroit. Ozark's application was filed on January 23, 1970 and was pending until January 23, 1973, when it was dismissed. No hearing was held.

Docket 23117: Illinois/Iowa-Denver. Ozark's application was filed on February 18, 1971. No hearing has been held and no disposition made. Thus, the status of this docket is pending.

Docket 24735: New Orleans extension. Ozark's application was filed on September 7, 1972, and was dismissed without hearing on July 16, 1973.

Docket 24832: St. Louis - Washington (Dulles) Ozark's application was filed on October 10, 1972, and dismissed without hearing on March 19, 1973.

Docket 26313: St. Louis - Nashville, Ozark's application was filed on January 14, 1974, and dismissed without hearing on July 3, 1974.

Docket 26668: Eastern-Ozark transfer Ozark's application was filed on May 3, 1974. A hearing was held on September 10, 1974, and the case is pending.

Docket 26698: St. Louis - Louisville. Ozark's application was filed on May 10, 1974. No hearing has been held and the case is still pending.

Docket 26730: St. Louis - Kansas City. Ozark's application was filed on May 23, 1974. No hearing has been held and the case is still pending.

Docket 27262: Illinois-Denver. Ozark's application was filed on December 16, 1974. No hearing has been held and the case is still pending.

In some instances the Board's actions on our route applications have been less than expeditious. We attribute the delay in those instance to the route "moratorium". Since the Board commenced its "moratorium" on route cases there have been virtually no route applications set down for investigation. We feel that some meritorious applications have been filed which should have become the subject of a hearing. Obviously, since the "moratorium" began, route development has taken a much lower priority than other matters on the CAB hearing calendar.

23. Are there routes which you would consider entering if CAB approval for entering were not required? Which? Describe your reasons for considering entry to the extent you wish to do so. Does the CAB's entry policy inhibit your flying new routes? If so, describe how?

REPLY: Ozark has not considered any potential routes to serve if CAB approval were not required. A more complete discussion is contained in the answer to Question 32.

24. Would your charge lower fares than those now being charges on any route if you were free to enter and to set lower fares?

REPLY: Ozark's costs today and the prospects for future costs are such that it is doubtful if Ozark could afford to offer lower fares in any existing or prospective markets. Further, over 70% of Ozark's passengers are travelling for business reasons. The relative inelasticity of this traffic indicates that air carriers would achieve little benefit by lowering fares for this segment of the traveling public.

In Docket 27262 Ozark's application for nonstop authority between Denver on the one hand, and Springfield, Champaign/Urbana, and Peoria, Illinois on the other, Ozark proposed a 14% reduction in fare. This reduction comes about because Ozark would provide a direct one-plane service, whereas existing fares are based on a circuitous two-carrier routing.

25. Are you involved in any route purchase or exchange proceedings? Which routes? Involving which carriers? How much would you be willing to pay for each of such routes? Would fares be sufficient to cover purchase costs? In your view, should such purchases or exchanges be allowed without full comparative hearings?

REPLY: Ozark is involved in the Eastern-Ozark Route Transfer Agreement, CAB Docket 26668. In this case Ozark would purchase Eastern's St. Louis - Nashville nonstop authority for \$250,000. Exhibits filed by Ozark in the proceeding reveal that the fares in effect during the summer of 1974 would be sufficient to produce profits and a reasonable return on investment if the forecasted traffic is achieved. The forecast indicates that the purchase price can be recovered in one year. The Bureau of Operating Rights of the Civil Aeronautics Board disputes the extent of the profitability.

This type of case should not be handled by the Civil Aeronautics Board any differently than any other type of case. If a route purchase, a route exchange, or any other route application is non-controversial, the Board has at its disposal various forms of relief that can provide speedy disposal and avoid the expense of a full evidentiary hearing. In Docket 23348, Piedmont Aviation Inc./Eastern Air Lines, Inc. Route Transfer and Certificate Amendments, the Board initially set the case for decision under show cause procedures since there appeared to be no objection from any party. When minor objections were raised, an expedited type of proceeding was instituted. All parties received a full airing of their views, but the expense and time-consuming normal process was avoided.

26. If you have excess capacity, can the extra planes be leased or sold elsewhere? At a loss?

REPLY: If an individual airline has excess capacity the extra planes can usually be sold or leased elsewhere. Obviously, the more excess capacity there is in the industry, the more difficult it is to sell or lease planes elsewhere. Ozark has never sold or leased a plane at a loss.

27. Identify any routes which are certificated to you but on which service has been suspended. Do you have any present intention to resume service? When? Why were these services discontinued? Should other airlines be given the option of flying these routes?

REPLY: Ozark is presently providing service on all five segments of Route 107, the only route authorized to Ozark. No cities are presently suspended.

28. List your fuel costs, in absolute terms, and as a percentage of your total costs for 1972, 1973, 1974 and projected for 1975. What has been the increase in cost per gallon during this period?

REPLY: Ozark is unable to project fuel costs for 1975 either in absolute terms or as a percentage of total costs.

Actual results for 1972-1973 and the first nine months of 1974 follow. The total percentage increase from the 11.85 cents per gallon cost in 1972 to the 22.54 cents per gallon cost experienced in the first nine months of 1974 has been 90.2 percent.

(000) OMITTED	1972	1973	NINE MONTHS 1974
Total Costs	83,879	79,112	80,572
Fuel Costs	7,454	6,522	11,023
Gallons	62,886	51,208	48,899
Cost per gallon (¢)	11.85	12.74	22.54
Percent of Total Cost	8.89	8.24	13.68

29. If you now serve the North Atlantic, provide the details of your costs, revenues and profits for any such service for the years from 1970 through the present. What course of action will you follow if the government provides no relief in the form of subsidy or otherwise to alleviate current losses over these routes? If you do not now provide North Atlantic service, would you do so if entry were not regulated?

REPLY: Ozark does not now provide North Atlantic service, nor does it have any future plans to enter this market.

30. Compare your costs in the North Atlantic market with those on San Francisco/New York and New York/Los Angeles routes. Explain the difference.

REPLY: Not applicable.

31. If the CAB certificated a number of new trunk carriers over dense traffic routes, what effect would such certification have on the industry? On your company?

REPLY: The answer to this question would depend on the routes involved. In the 1960's new competition was added on many monopoly and two carrier routes. On some monopoly routes, two or more additional carriers were added. It can be seen today that this additional authority did not always result in more service for the passenger, a lower fare service, or even more carriers serving the route.



32. What would the effect of a "permissive" entry policy be upon the behavior of carriers in the industry?

REPLY: In the early 1930's before Congress established a regulatory agency for air transportation, carriers could enter and suspend service at will at cities and across routes. Access to the business of interstate air transportation was not limited. This lack of regulation resulted in economic chaos for the air transport and related industries. This chaos made financing of carriers and aircraft manufacturers a risk many institutions refused to accept. The resulting service was too unreliable to foster public confidence or promote growth.

Ozark opposes a reinstitution of this policy. If regulation disappears, it would be expected that wasteful competition would occur on the more dense routes. Less dense routes and smaller airlines would disappear. Most smaller communities would lose their link with the national air transportation system.

33. If you serve markets entirely within California or entirely within Texas, have your flights within those states been profitable? Have they been profitable on a fully allocated cost basis? On a DOC basis (per CAB)? On an incremental cost basis? What do you include in incremental costs? Have you met the fares charged by PSA and SWA?

REPLY: Not applicable.

34. How do you decide how much capacity to offer in a market? What frequency of service to offer? Which markets to promote heavily? Who makes these decisions?

REPLY: Ozark has, in the past several years, adjusted capacity in many of its markets, mostly up-grading from FH-227 equipment to DC-9 equipment. This up-grading has been done as the result of the following influencing factors:

1. High load factors.
2. Anticipated stimulation by virtual of all-jet equipment replacing turbo-prop equipment.
3. Anticipated normal market growth.
4. Seasonality.
5. Fuel availability
6. General Business conditions

In addition to all of the above, frequency of service is influenced by these additional factors:

1. Equipment availability
2. Station facility availability.
3. Manpower requirements
4. Slot availability at the controlled airports.

35. How many different classifications of inflight service do you provide? (How many different sorts of, e.g., first class service? How many different sorts of economy service. etc.?)

REPLY: Ozark provides single class (standard class) service on all flights. In addition Ozark provides a small amount of night coach service.

36. How do you decide on which routes and which flights to offer a particular classification of inflight service? Who makes these decisions?

REPLY: All flights receive standard class service except night coach service. Night coach service originates after 10:00 P. M. and before 4:00 A. M. and is utilized where sufficient traffic exists to support it or in conjunction with night flight operations and aircraft positioning.

37. Could you operate as efficiently as you do now if your airline were twice its present size? Half its present size?

- a. With respect to fleet size?
- b. With respect to RPM's?
- c. With respect to passengers enplaned?

REPLY: Generally speaking, if Ozark's operation were twice its present size, Ozark could operate more efficiently. Of course this answer assumes that all aspects of the airline would grow in relative proportion, such as passengers enplaned, RPM's and fleet size.

The opposite would be true if the airline were half its present size.

38. In what ways and to what extent do (a) CAB reporting requirements, (b) CAB ticketing requirements, (c) other CAB requirements impose costs on your operations? (e.g. preventing simplified passenger handling or accounting procedures)?

REPLY: For the most part, the only CAB requirement that imposes significant costs, over and above those which would be incurred in any event, is the CAB reporting requirement.

39. Which CAB practices or procedures do you believe to be the most burdensome or least efficient? What recommendations for changes would you make?

REPLY: The most burdensome practice or procedure is the lengthy evidentiary hearing procedure. We don't really know it could be changed since due process requires that all interested parties be given the right to be heard.

41. What was the total number of passengers enplaned? 1972-October 1, 1974?

REPLY:	1972 -	3,017,386	
	1973 -	2,307,138	
	1974 -	2,438,420	(JAN - SEP)
	<u>TOTAL</u>	<u>7,762,944</u>	

42. What was the total number of flights scheduled to operate? 1972-October 1, 1974?

REPLY:	1972 -	163,195	
	1973 -	132,048	
	1974 -	115,243	(JAN - SEP)
	<u>TOTAL</u>	<u>410,486</u>	

43. What was the total number of flights actually operated? 1972-October 1, 1974?

REPLY:	1972 -	158,812	
	1973 -	121,979	
	1974 -	114,026	(JAN - SEP)
	<u>TOTAL</u>	<u>394,817</u>	

44. How many persons with the primary duty of investigation or handling consumer problems did you employ? 1972-October 1, 1974?

REPLY: Ozark's complaint/claim handling is centralized in its "Consumer Affairs Department" which had a staff of eight (8) in 1972 and has a current staff of nine (9) personnel.

45. What was the total number of comments recorded? 1972-October 1, 1974?

REPLY:	1972 -	3,082	
	1973 -	3,216	
	1974 -	3,399	(JAN - SEP)
	<u>TOTAL</u>	<u>9,697</u>	

46. How many of these comments were complaints?

REPLY:	1972 -	2,508	
	1973 -	2,718	
	1974 -	2,895	(JAN - SEP)
	<u>TOTAL</u>	<u>8,121</u>	

47. What was the budget for customer relations/consumer affairs activities (excluding the amount paid for claims)? 1972-October 1, 1974?

REPLY:	1972 -	\$ 94,208	
	1973 -	82,860	
	1974 -	95,415	(JAN - SEP)
	<u>TOTAL</u>	<u>\$ 272,483</u>	

48. What was the total amount of claims or other monetary settlement paid? 1972-October 1, 1974?

REPLY:	1972 - \$	347,105	
	1973 -	398,096	
	1974 -	456,533	(JAN - SEP)
	<u>TOTAL</u>	<u>\$1,201,734</u>	

49. What percentage of the complaints received requested some form of monetary reimbursement? 1972-October 1, 1974?

REPLY:	1972 -	NOT AVAILABLE	
	1973 -	NOT AVAILABLE	
	1974 -	62.3%	(JAN - SEP)

50. What percentage of complaints were settled with some form of monetary reimbursement? 1972-October 1, 1974?

REPLY:	1972 -	NOT AVAILABLE	
	1973 -	NOT AVAILABLE	
	1974 -	52.5%	(JAN - SEP)

51. Under what circumstances will the carrier waive the tariffs in order to settle complaints from mishandled passengers?

REPLY: Ozark Air lines does not have statutory authority to waive tariffs to settle passenger, baggage or cargo claims and/or complaints, nor does Ozark do so. However, tariff requirements are given broad interpretation in favor of the consumer.

In those few cases in which a claim has become the subject of litigation, settlement may be at the direction of the court and Ozark's compliance with such decisions is required irrespective of tariff terms.

52. When a complaint is received, what measures are taken to prevent recurrences?

REPLY: Complaints relating to airline operations, policies, and/or procedures are forwarded to the department involved for follow-up and corrective action where required.

53. List the two or three airline practices that are most frequently the subject of passenger complaints. Please submit your manuals or sets of instructions related to dealing with passenger complaints.

REPLY: FLIGHT DELAYS  
FLIGHT CANCELLATIONS  
BAGGAGE HANDLING

CUSTOMER SERVICE MANUAL - PAGES 1015 - 1016 ATTACHED AS APPENDIX 1.

54. How many pieces of luggage were mishandled? 1972-October 1, 1974?

REPLY:	1972 -	25,792	
	1973 -	37,542	
	1974 -	51,265	(JAN - SEP)
	<u>TOTAL</u>	<u>114,599</u>	

55. How many were lost? 1972-October 1, 1974?

REPLY:	1972 -	271	
	1973 -	338	
	1974 -	378	(JAN - SEP)
	<u>TOTAL</u>	<u>987</u>	

56. How many were delayed? 1972-October 1, 1974?

REPLY:	1972 -	21,876	
	1973 -	32,980	
	1974 -	45,722	(JAN - SEP)
	<u>TOTAL</u>	<u>100,578</u>	

57. How many were damaged? 1972-October 1, 1974?

REPLY:	1972 -	3,239	
	1973 -	3,560	
	1974 -	4,495	(JAN - SEP)
	<u>TOTAL</u>	<u>11,294</u>	

58. How many were pilferred? 1972-October 1, 1974?

REPLY:	1972 -	107	
	1973 -	184	
	1974 -	153	(JAN - SEP)
	<u>TOTAL</u>	<u>444</u>	

59. What was the total amount spent to settle claims for mishandled luggage? 1972-October 1, 1974?

REPLY:	1972 -	208,552	
	1973 -	226,805	
	1974 -	279,292	(JAN - SEP)
	<u>TOTAL</u>	<u>714,649</u>	

60. What was the total amount spent to pay claims for lost luggage? 1972-October 1, 1974?

REPLY:	1972 -	48,597	
	1973 -	50,809	
	1974 -	55,276	(JAN - SEP)
	<u>TOTAL</u>	<u>154,682</u>	

61. What was the total amount spent to pay claims for damages luggage? 1972-October 1, 1974?
62. What was the total amount spent to repair damaged luggage? 1972-October, 1974?

REPLY: Ozark does not distinguish between claims paid for damage and repair costs. All costs are accounted for in the same category. Total repair/damage costs were:

1972	-	55,069	
1973	-	54,354	
1974	-	72,184	(JAN - SEP)
<u>TOTAL</u>		<u>181,607</u>	

63. What was the total amount spent to pay pilferage claims? 1972-October, 1974?

REPLY:	1972	-	10,734	
	1973	-	8,535	
	1974	-	10,764	(JAN - SEP)
	<u>TOTAL</u>		<u>30,033</u>	

64. What was the total amount spent to pay claims for delayed bags? 1972-October 1, 1974?

REPLY:	1972	-	4,888	
	1973	-	10,297	
	1974	-	7,831	(JAN - SEP)
	<u>TOTAL</u>		<u>23,016</u>	

65. What was the total cost of delivering delayed bags to passengers? 1972-October 1, 1974?

REPLY:	1972	-	81,845	
	1973	-	93,413	
	1974	-	121,552	(JAN - SEP)
	<u>TOTAL</u>		<u>296,810</u>	

NOTE: Totals of replies to questions 60 through 65 do not total dollar amount stated in reply to Question 59 as additional claims paid for lost, soiled, and/or damaged items were as follows:

	1972	-	7,419	
	1973	-	9,397	
	1974	-	11,685	(JAN - SEP)
	<u>TOTAL</u>		<u>28,501</u>	

This amount, added to the totals of 60 - 65 equals the total baggage claims expenditure listed in reply to Question 59.

66. What percentage of the number of claims received exceeded the maximum liability limits specified in the tariffs? 1972-October 1, 1974?

REPLY:	1972 -	0.6%	
	1973 -	0.6%	
	1974 -	0.5%	(JAN - SEP)
	<u>TOTAL</u>	<u>0.6%</u>	

NOTE: For purposes of deriving this data, delivery claims (Item 56) were deleted from the total (Item 54). The percentage was then based on the categories of claims which could have exceeded liability.

67. How many claims were denied because the baggage or its contents was unacceptable? 1972-October 1, 1974?

REPLY:	1972 -	22	
	1973 -	26	
	1974 -	25	(JAN - SEP)
	<u>TOTAL</u>	<u>73</u>	

68. What percentage of claims were paid in full? 1972-October 1, 1974?

REPLY:	1972 -	73.9%	
	1973 -	74.2%	
	1974 -	76.3%	(JAN - SEP)
	<u>TOTAL</u>	<u>74.9%</u>	

NOTE: Same data base used as in reply to question 66.

69. What percentage of claims were denied completely? 1972-October 1, 1974?

REPLY:	1972 -	0.9%	
	1973 -	0.8%	
	1974 -	0.8%	(JAN - SEP)
	<u>TOTAL</u>	<u>0.8%</u>	

NOTE: Same data base used as in reply to Question 66 and 68.

70. State the carrier's policy regarding proof of ownership of passengers' luggage and its contents. Submit any written notice which is given to passengers explaining this policy prior to checking in luggage.

REPLY: Ozark has no policy regarding proof of ownership of baggage and/or its contents and requires no such proof prior to checking of baggage.



71. List specifically carrier's criteria for the acceptability of checked luggage. Submit any written notice which is given to passengers explaining this policy prior to the checking of luggage.

REPLY: Rules pertaining to acceptance of baggage are contained in Ozark's official tariffs (Airline Tariff Publishers, C.A.B. 142, PR-6, Rules 340, 345, 350, 355 and 360) these rules are attached as Appendix II.

Baggage notices concerning acceptance and liability are contained in tickets, timetables, and ticket envelopes. Samples attached as Appendices III, IV, and V.

72. What security measures are taken at airport baggage claim areas to prevent baggage theft?

REPLY: Ozark employs a variety of methods depending on the specific location and its requirements:

- a) Positive Claim
- b) Private guard services
- c) Monitoring of claim areas by Ozark personnel
- d) Monitoring of claim areas in cooperation with local, state and/or federal law enforcement agencies.

73. What are the procedures for the processing of claims regarding pilferage from a passenger's checked bag?

REPLY: a) After report of a pilferage, a claim form is sent to the passenger. (Form is attached as Appendix VI.)

b) After the completed form is received by Ozark, the claim is adjudicated in the normal manner and a decision communicated to the claimant.

74. What is the average length of time required to settle a claim for lost or pilfered baggage?

REPLY: Approximately twenty (20) business days.

75. What are the procedures regarding the investigation of the validity of a claim?

REPLY: The validity of a claim is seldom disputed. Ozark routinely requires certain documentation such as the statement in proof of loss. (Form attached as Appendix VII) In addition, the passenger is asked to provide proof of travel (copy of ticket) and an indication that the baggage was delivered into the custody of the carrier (copy of baggage claim check). In certain cases, cost substantiation is requested. However, the inability of the claimant to furnish documentation other than the statement in proof of loss is not a basis for denial and does not bar such claims from settlement.

76. What is the procedure used by the reservations staff to confirm requests for seats during periods when the computers are down?

REPLY: Ozark Availability Recaps are pulled prior to outage, which provide availability information for seven (7) days. Agents then call Supervisors for this data. Agents may use Free-Sale beyond seven (7) days.

Other airlines are called via telephone for interline availability.

77. What procedures are taken by the accounting staff to check the accuracy of rate computations and to refund any applicable overcharges to passengers?

REPLY: All tickets are audited to determine the accuracy of rate computations. This is done on a manual basis and by CRT (Catho Ray Tube) pricing against fares stored on tape supplied by Airline Tariff Publishers. Since auditor's coupons are received both from travel agencies and our stations/locations, the present policy of refunding overcharges is this:

#### AGENCY TICKETS

CASH TICKETS - Credit memo is sent to travel agent for refunding to customer on amounts over \$10.00.

TICKETS PURCHASED BY CREDIT CARD - Auditor's coupon and charge documents are reduced to reflect correct charges prior to billing credit card company.

#### STATIONS/LOCATIONS

CASH TICKETS - Refunds are not made unless customer requests same.

TICKETS PURCHASED BY CREDIT CARD - When overcharges are noted during the audit process, charge document is changed to reflect correct charges prior to billing credit card company.

Within the next few months we will initiate a procedure whereby all ticket errors will be processed as follows:

AGENCY TICKETS - No change from 1. herein except that the amount will be \$5.00 or more.

STATIONS/LOCATIONS - Cash and charge - Refunds of \$5.00 or more will be made to customers if and when we can establish his correct address on cash tickets. Credit card document will be reduced before billing.

78. What is the average lapse time required to process refunds on unused tickets, or to refund fare adjustments on partially used tickets.

REPLY: During the months of April through September each year, when good weather prevails, our average lapse of time on refunding tickets is 10-15 days. October through March is usually the period of time when flights are cancelled or delayed due to bad weather, and our average refund time is 20-30 days.

79. What percentage of passengers made arrangement for such services as car rentals or hotels through the carrier's reservations offices? What is the cost to the carrier of providing such services?

REPLY: Hotels - 0%      Rental Cars 4 - 5%  
The cost of providing rental car reservation is negligible since approximately 99% are handled through a computer to computer link.

80. What are the procedures for notifying passengers of schedule changes? Is automatic protection offered to the affected passengers on all flights which are cancelled as the result of a schedule change?

REPLY: Ozark's procedures for schedule change processing and notification are contained in its Reservations Procedures Manual.

Chapter 600.23, Page 1-4 attached as Appendix VIII.

81. What is the carrier's policy regarding the replacement of lost or stolen tickets? What is the policy regarding the refund of such a lost or stolen ticket?

REPLY: Ozark's policies and tariffs do not provide for replacement of lost or stolen tickets. Ozark's policy regarding refunds for lost or stolen tickets is contained in its official tariffs.

Airline Tariff Publishers, C.A.B. 142, PR-6, Rules 395, (C) attached as Appendix IX.

82. What was the cost to the carrier during each of the past three years for the establishment, maintenance, and personnel for any club or VIP lounges?

REPLY: Not applicable as Ozark does not have passenger clubs.

83. How many passengers were denied boarding on flights for which they had confirmed reservations or valid tickets (include no-rees) 1972-October 1, 1974?

REPLY:	1972 -	1,461	
	1973 -	1,425	
	1974 -	2,163	(JAN - SEP)
	<u>TOTAL</u>	<u>5,049</u>	

84. How many of these passengers were eligible for DBC? 1972-October 1, 1974?

REPLY:	1972 -	631	
	1973 -	783	
	1974 -	1,358	(JAN - SEP)
	<u>TOTAL</u>	<u>2,772</u>	

85. How many of these passengers were not eligible for DBC because of equipment substitutions? 1972-October 1, 1974?

REPLY:	1972 -	157	
	1973 -	151	
	1974 -	149	(JAN - SEP)
	<u>TOTAL</u>	<u>457</u>	

86. Government requisition of space? 1972-October 1, 1974?

REPLY:	1972 -	16	
	1973 -	0	
	1974 -	0	(JAN - SEP)
	<u>TOTAL</u>	<u>16</u>	

87. Failure to meet check in or ticketing requirements? 1972-October 1, 1974?

REPLY: No information available.

88. Carrier was able to rebook them on a flight scheduled to arrive within two hours of original flight? 1972-October 1, 1974?

REPLY:	1972 -	657	
	1973 -	491	
	1974 -	656	(JAN - SEP)
	<u>TOTAL</u>	<u>1,804</u>	

89. What was the total amount spent to pay DBC to passengers? 1972-October 1, 1974?

REPLY:	1972 - \$	19,427	
	1973 -	23,432	
	1974 -	43,946	(JAN - SEP)
	<u>TOTAL</u>	<u>\$ 86,805</u>	

90. What percentage of passengers with conditional reservations were upgraded to first class on the original flight?

REPLY: Not applicable to Ozark.

91. What percentage of passengers with conditional reservations were unable to board their original flight?

REPLY: Not applicable to Ozark.

92. Does the carrier offer conditional reservations, such as "leisure class"?

REPLY: No.

93. If a passenger holds a ticket with an "ok" status and the carrier has no record of the reservations, what procedure is followed in an oversale situation? How is the passenger's boarding priority affected? Is denied boarding compensation offered?

REPLY: If a no-record passenger presents himself for check-in within the specified time limit, no deviations are made from Ozark's standard procedures as outlined in Ozark's Customer Services Manual. (Pages 3205, 3207-3214 are attached as Appendix X.) Denied Boarding Compensation is offered if the passenger is otherwise eligible for same.

94. Describe the procedures followed by dealing with bumping. Enclose copies of manuals or the sets of instructions directed to employees dealing with a) bumping procedures, b) procedures for dealing with bumping complaints, c) priorities set in determining whom to bump.

REPLY: a) Ozark's Denied Boarding Procedure and Priority Rules are contained in its Customer Service Manual. (Pages 3205, 3207-3214 are attached as Appendix X.)

b) Complaint handling is as described in reply to Question 53 and Appendix I.

c) Same as reply to Question 94, a).

95. How many complaints were received regarding schedule irregularities? 1972-October 1, 1974?

REPLY:	1972 -	1,138	
	1973 -	1,274	
	1974 -	1,338	(JAN - SEP)
	<u>TOTAL</u>	<u>3,750</u>	

96. What was the cost of providing amenities to delayed passengers (food, hotel, etc.)? 1972-October 1, 1974?

REPLY:	1972 - \$	72,055	
	1973 -	98,671	
	1974 -	92,928	(JAN - SEP)
	<u>TOTAL</u>	<u>\$ 263,654</u>	

97. What is the procedure for getting flight status information from aircraft, to operations, to computer, to reservations and other personnel responsible for giving flight information to the public?

REPLY: Ozark's flight information program is handled by computer program which has the capability of continuous update and progressive projection of expected flight departures and arrivals. Flight status information from the aircraft is transmitted by radio to an operations office where it and other information is input into Ozark's central computer system. Reservations, Flight Operations, and Customer Services personnel have access to this information on a real-time basis.

98. What is the procedure for notifying delayed passengers of the availability of amenities?

REPLY: Passengers are advised of amenities by means of the Information Section of the Passenger Timetable, attached as Appendix IV. In addition, a form is given to delayed passengers explaining Ozark's Interrupted Trip Policy in detail. (Form CS-5327 attached as Appendix XI.)

99. List the steps taken by your airline in the last two years to simplify tariff construction and to protect the consumer against overcharges. (Note that Consumers Union reported in a recent survey that because of tariff complexities consumers are often overcharged. What steps has your airline taken since the publication of that survey to prevent overcharges?)

REPLY: Tariff simplification, clarification and the resulting protection of the consumer against overcharges are prime goals at Ozark. Ozark has joined the industry in unceasing efforts to accomplish these goals. Simplification, clarification and amplification of publishing and dissemination is constantly being upgraded with the assistance of industry organizations such as the Air Transport Association of America and our tariff publishing agent, Airline Tariff Publishers, Inc.

Letters to Mr. Robert Sherer, Director - Bureau of Economics for the C.A.B. dated April 27 and June 20, 1972, and Ozark's letter of Mr. Secor D. Browne, Chairman of the C.A.B. demonstrate the type of continuing tariff simplification/clarification and consumer protection in which Ozark is engaged. (Correspondence attached is Appendix XII)

In addition to tariff simplification, Ozark has made significant investments in computer ticketing facilities and equipment. We have also conducted a number of agent training programs designed to increase the expertise of Ozark personnel in fare computation and ticketing.

OZARK AIR LINES, INC.  
APPENDIX I  
PAGE 1 OF 2



## CUSTOMER SERVICES MANUAL

CHAPTER: 1000 - CUSTOMER SERVICE STANDARDS  
SECTION: I  
SUBJECT: GENERAL

ISSUED: 5-15-72  
EFFECTIVE: 5-15-72  
SUPERSEDES: 7-31-67

## E. COMPLAINTS

1. Purpose

The prompt and accurate reporting of complaints serves two purposes. First, and most important, a complaint report stimulates an investigation to determine how and why the complaint was made, followed by steps to correct any apparent weakness in our Company. Don't hesitate to report complaints because you "don't want to get someone in trouble." Complaint reports and follow-up action are not intended to "blame" any individual agent or office group, they are designed to assist YOU in performing your job better, thus improving Ozark's service to our customers.

Next, your reports provide a basis for evaluating claims which may result from the complaint.

2. Reporting

How can you decide whether or not to report a complaint? A suggestion is that you ask yourself the following question: "Will Ozark's service to our customers be improved if this complaint is investigated and followed up?"

In addition to this signal for reporting a complaint, we suggest that the following incidents be reported:

- a. Complaints in which the customer has stated or implied that he is claiming some reimbursement.
- b. When a customer indicates that he intends "to write the President."
- c. Complaints about ground transportation facilities and reservation service.
- d. Complaints involving discourtesy or disinterest.
- e. Complaints on baggage handling or loss of baggage.
- f. Complaints about the comfort or appearance of Ozark's fleet.
- g. Complaints about schedules.

OZARK AIR LINES, INC.  
APPENDIX I  
PAGE 2 OF 2



## CUSTOMER SERVICES MANUAL

CHAPTER: 1000 - CUSTOMER SERVICE STANDARDS  
SECTION: I  
SUBJECT: GENERAL

ISSUED: 5-15-72  
EFFECTIVE: 5-15-72  
SUPERSEDES: 6-30-70

## E. COMPLAINTS (Cont'd)

3. Preparation

Complete a CS-5302 or write an inter-office memorandum and forward to Director of Customer Relations, General Office, containing the following information:

- a. Customer's name and full address, if it had been offered or can be obtained.
- b. Date of the incident and flight number, if involved.
- c. All details you can recall from your customer's story.
- d. Supplement the customer's report with a report of investigation into operations and/or reservations, when available locally.

4. Local Action Following Receipt of Complaints

It is the responsibility of the Resident Manager to investigate and take local corrective action on any incident reported to him or his station personnel by a customer, another Ozark station, and/or the General Office.

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[Appendix II, consisting of section VI of the Local and Joint Passenger Rules Tariff N. PR-6, is omitted. It is on file at the CAB.]

OZARK AIR LINES, INC.  
APPENDIX III  
PAGE 1 OF 1

### **NOTICE OF BAGGAGE LIABILITY LIMITATIONS**

Liability for loss, delay, or damage to baggage is limited as follows unless a higher value is declared in advance and additional charges are paid: (1) For most international travel (including domestic portions of international journeys) to approximately \$9.07 per pound (\$20.00 per kilo) for checked baggage and \$400 per passenger for unchecked baggage; (2) For travel wholly between U.S. points, to \$500 per passenger on most carriers (a few have lower limits). Excess valuation may not be declared on certain types of valuable articles. Carriers assume no liability for fragile or perishable articles. Further information may be obtained from the carrier.

OZARK AIR LINES, INC.  
APPENDIX IV  
PAGE 1 OF 1

Cities are listed in alphabetical order. Find the city from which you are departing; under that, find your destination city. Most flights provide single-plane service; if service is by a connection, the connecting city and connecting flight number will be indicated. All times are local. Contact Ozark or your travel agent for fare quotations.

Time Zone	PHONE: Reservations 382-8221 Air Freight 380-8271	Standard Class	Symbols Indicate Food Services available
Originating (Departure) City	From <b>CHAMPAIGN/URBANA, ILL.</b> (CST) To	Local Airport	
Indicates Airport Served	(University of Illinois William Field)	Ozark flight number and equipment:	
Destination (Arrive) City	FRED LEAVE ARRIVE FLIGHT CONNECT VIA STOPS	500 Series — DC9 Pure Jet	
Departure time from originating city	NEW YORK, N. Y. (EST)	700 series — FH-227B Jet-prop	
Frequency of service	Ex Su 8:20 11:50 9:06B Ex Sa 2:16 5:47 9:07OS	800 series — FH-227B Jet-prop	
	PADUCAH, KY. (CST)	900 series — DC-8 Pure Jet	
	Ex Su 7:36 10:15 8:11 Ex Sa Su 10:32 12:35 9:31 Su Only 10:32 12:35 9:31 Daily 6:40 9:46 8:18	Arrival time at destination city	
		Number of Stops en route	
		Connecting city and connecting flight number if connection is required	

## INFORMATION

**RESERVATIONS.** All seats are reserved and a reservation for space on a given flight is valid when the availability and allocation of such space is confirmed by an Ozark reservation agent. Passengers are urged to make reservations and purchase tickets well in advance. On the day of departure, tickets must be purchased at least 30 minutes prior to scheduled departure or tentative reservations are subject to cancellation.

**CHECK-IN.** Ticketed passengers are requested to be at airport ticket lifting points at least 20 MINUTES before scheduled departure time. Reservations may be cancelled and resold if passenger has not presented himself for check-in at least 10 MINUTES before scheduled departure. Passengers purchasing tickets at the airport are requested to do so at least one hour prior to flight departure time to allow for security/screening procedures.

**RESPONSIBILITY FOR DEPARTURES, ARRIVALS, CONNECTIONS.** Ozark Air Lines will not be responsible for consequential damages resulting from the failure of flights to depart or arrive at times stated in this Timetable nor for errors herein, nor for failure to make connections with planes of other lines or of this company. In case of flight irregularities, certain amenities may be provided in accordance with applicable tariffs. Consult an Ozark Agent for details.

**SCHEDULES.** Schedules shown are based on expected flying times. Because weather and other factors may affect operating conditions, departures and arrivals cannot be guaranteed. Schedules are subject to change without notice.

**DOMESTIC BAGGAGE ALLOWANCE. (PER TICKETED PASSENGER).** 1 piece of baggage with linear dimensions (length + height + width) not exceeding 62 inches, plus 1 piece of baggage with linear dimensions not exceeding 55 inches, plus one or more additional pieces which if measured together (if more than one piece) does not exceed 45 inches in overall dimensions. (The latter may be carried on board if it remains in the passenger's custody and can be stowed under the passenger's seat).

**CARRY ON ITEMS.** Government safety regulations, affecting all U.S. airline carriers issued by the FAA, limit carry on baggage and related personal belongings to items that can be stowed under a passenger's seat. Approximate maximum dimensions are 21" X 15" X 9" (total not to exceed 45"). Exempt from these regulations are a lady's pocketbook or handbag, cameras, binoculars, a reasonable amount of personal clothing and reading material.

**DOMESTIC LIABILITY.** Unless extra value is declared and charges paid before departure, liability is limited to \$500 or the actual value thereof, whichever is less.

**EXCESS BAGGAGE (DOMESTIC).** May be accepted, space and weight permitting. Excess pieces will be charged for in accordance with the rate table published in C. A. B. No. 142, Rule 360.

**INTERNATIONAL BAGGAGE ALLOWANCE.** The free allowance is 66 lbs. (30 kilograms) for first class travel and 44 lbs. (20 kilograms) for coach or tourist class transportation. The term "baggage" includes carry on baggage which is subject to weight restrictions.

**EXCESS BAGGAGE (INTERNATIONAL).** Charges are based on weight and vary by destination. Exact charges are computed in accordance with governing tariffs and IATA conventions.

**CHILDREN.** One child under 2 years not occupying a separate seat may travel free when accompanied by a fare-paying passenger at least 12 years old. Children 2 through 11 may travel at 2/3 the adult published fare subject to \$1J minimum when accompanied by a passenger at least 12 years old. Children 5 through 11 years of age travelling unaccompanied will be charged the full adult fare.

**GROUND TRANSPORTATION.** Scheduled facilities have been arranged for the convenience of passengers. Ozark itself does not operate and has no liability for such service.

OZARK AIR LINES, INC.  
APPENDIX V  
PAGE 1 OF 1

## BAGGAGE ALLOWANCE

**WITHIN THE U.S.A. AND CANADA** the free baggage allowance is based on the number of pieces and size.



In addition to the two above, one or more piece(s) which, when added together, do not exceed 45", may be either checked or carried onboard subject to the following limitations:

**CARRY ON ITEMS** Government safety regulations, affecting all U.S. Airline carriers, issued by the FAA, limit carry on baggage and related personal belongings to items that can be stowed under a passenger's seat. Approximate maximum dimensions are 21" x 15" x 9" (total not to exceed 45"). Exempt from these regulations are a lady's pocketbook or handbag, cameras, binoculars, a reasonable amount of personal clothing and reading material.

**INTERNATIONAL BAGGAGE ALLOWANCE** The free allowance is 66 lbs. (30 kilograms) for first class travel and 44 lbs. (20 kilograms) for coach or tourist

class transportation. The term "baggage" includes carry on baggage which is subject to weight restrictions.

**DOMESTIC LIABILITY** Unless extra value is declared and charges paid before departure, liability is limited to \$500 or the actual value thereof, whichever is less.

**RESTRICTED ARTICLES** Articles such as the following shall not be carried in passenger's baggage without prior consent of Ozark Air Lines: Compressed gases, corrosives, explosives, munitions, fireworks, matches (of any type) and other articles which are easily ignited, flammable liquids and solids, oxidizing materials, poisons, radioactive materials and other articles such as mercury, magnetic material, offensive or irritating materials. For further information, please contact any Ozark Air Lines Office.

### PLEASE CHECK IN EARLY

Ticketed passengers are requested to be at airport ticket lifting points at least 20 MINUTES before scheduled departure time. Reservations may be cancelled and resold if passenger has not presented himself for check-in at least 10 MINUTES before scheduled departure. Passengers purchasing tickets at the airport are requested to do so at least one hour prior to flight departure time to allow for security/screening procedures.

### YOUR ITINERARY

DEPARTURE					ARRIVAL		NOTES
DATE	AIRLINE	FLIGHT	AIRPORT	TIME	AIRPORT	TIME	

PLEASE ATTACH THE ORIGINALS OR COPIES, OF YOUR  
BAGGAGE CLAIM CHECK TICKET RECEIPTS, AND  
RECEIPTS OF YOUR MISSING ARTICLES, IF AVAILABLE



OZARK AIR LINES  
SYSTEM TRACING CENTER  
P. O. BOX 10007  
ST. LOUIS INTERNATIONAL AIRPORT  
ST. LOUIS, MISSOURI 63145

## MISSING PROPERTY QUESTIONNAIRE

PASSENGER NAME		HOME PHONE		EMPLOYED BY		BUSINESS PHONE	
HOME ADDRESS (NUMBER AND STREET)				BUSINESS ADDRESS (NUMBER AND STREET)			
CITY, STATE, ZIP CODE				CITY, STATE, ZIP CODE			
PASSENGER NOTIFIED US		DATE	TIME	AGENTS SIGNATURE		NOTE: SECTION IN BOLD OUTLINE IS TO BE COMPLETED BY AN AZARRA AIR LINES REPRESENTATIVE BEFORE THIS FORM IS SUPPLIED TO PASSENGER	
<input type="checkbox"/> IN PERSON	<input type="checkbox"/> BY PHONE						

When and where did you last see the missing property?

Has loss been reported to another airline? If yes please give airline and city where reported

☐ YES ☐ NO

[illegible]

If you need more space to list articles, list them on the back of this sheet with same data as above.

TOTAL  
COST

[illegible]

you have a Personal Property Floater Policy or other insurance that covers your loss? **EXAMPLES:** Broad Form Coverage or Home and Household Contents Insurance which includes protection against loss of personal property while you are away from home.

<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES	
		COMPANY _____ ADDRESS _____

## STATEMENT OF LOSS

This claim to be valid according to applicable tariff provisions must be filed with OZARK Air Lines, Inc. within 45 days of the date of loss.

Claim is hereby made against OZARK Air Lines, Inc. in the amount of \$\_\_\_\_\_ as set forth herein, for a loss occurring on

19 \_\_\_\_\_

I do hereby warrant the foregoing statement and any statements on the reverse side of this form to be accurate, complete and true.

\_\_\_\_\_  
Notary Public (Seal)

\_\_\_\_\_  
Claimant's Signature

\_\_\_\_\_  
Date

THIS COPY FOR OZARK AIR LINES

OZARK AIR LINES, INC.  
APPENDIX VII  
PAGE 1 OF 1

RM CB-9916A NOV-73  
USE Send Both The White and  
Yellow Copies To  
OZARK AIR LINES  
SYSTEM TRACING CENTER  
P. O. BOX 10007  
ST. LOUIS, MISSOURI 63145



17469

No. 17110

**IMPORTANT**  
PLEASE TYPE OR PRINT AND MAIL AS SOON AS YOU CAN.  
SUCCESSFUL TRACING FREQUENTLY DEPENDS UPON  
PROMPT RECEIPT OF THIS INFORMATION.  
FORM CS-55156 (DESCRIPTION OF CONTENTS) MUST ALSO  
BE COMPLETED AND RETURNED.

## STATEMENT IN PROOF OF LOSS

THIS CLAIM TO BE VALID ACCORDING TO APPLICABLE TARIFF PROVISIONS, MUST BE FILED WITH OZARK AIR LINES, INC. WITHIN 45 DAYS OF THE DATE OF LOSS.				
NAME		HOME PHONE AREA CODE		BUSINESS PHONE AREA CODE
MR		( ) -		( ) -
MISS				
HOME ADDRESS		OCCUPATION		
CITY		SOCIAL SECURITY NUMBER		
STATE		ZIP CODE		BUSINESS ADDRESS (CITY, STATE, ZIP)
COMPLETE PASSENGER TICKET NUMBER	AIRLINE	FORM	SERIAL	NUMBER
BAGGAGE CLAIM CHECK NO.				
WHERE YOU CHECKED FOR EXCESS BAGGAGE?		DID YOU DECLARE AND PAY FOR EXCESS VALUE?		VALUE DECLARED
<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> YES <input type="checkbox"/> NO		ATTACH RECEIPT
DO YOU HAVE A PERSONAL PROPERTY FLOATER POLICY OR OTHER INSURANCE THAT COVERS YOUR LOSS? <input type="checkbox"/> YES <input type="checkbox"/> NO				
EXAMPLES: ROAD, FIRM COVERAGE OR HOME AND HOUSEHOLD CONTENTS INSURANCE WHICH INCLUDES PROTECTION AGAINST LOSS OF PERSONAL PROPERTY WHILE YOU ARE AWAY FROM HOME.				
COMPANY		ADDRESS		
COMPLETE ITINERARY				
FROM	TO	AIRLINE	FLIGHT	DATE
WHERE DID YOU CHECK YOUR BAGGAGE?			NO. OF BAGS CHECKED	ESTIMATE WEIGHT OF MISSING BAG
<input type="checkbox"/> AIRPORT <input type="checkbox"/> DOWNTOWN <input type="checkbox"/> OTHER				
WAS YOUR BAGGAGE REROUTED OR RECHECKED EN ROUTE?		IF YES, WERE YOU GIVEN A DIFFERENT BAGGAGE CLAIM CHECK?		REASON
<input type="checkbox"/> YES <input type="checkbox"/> NO		<input type="checkbox"/> YES <input type="checkbox"/> NO		
WHEN AND WHERE WAS THE LAST TIME YOU SAW YOUR BAGGAGE?			AT WHAT OZARK AIR LINES OFFICES HAVE YOU REPORTED YOUR LOSS?	
HAS LOSS BEEN REPORTED TO ANOTHER AIRLINE?			IF YES, PLEASE GIVE AIRLINE AND CITY WHERE REPORTED	
<input type="checkbox"/> YES <input type="checkbox"/> NO				

ADDITIONAL COMMENTS

PLEASE ATTACH YOUR BAGGAGE CLAIM CHECK(S) AND PASSENGER COUPON PORTION OF YOUR TICKET(S).

I hereby warrant the foregoing statement and those on the accompanying form(s) to be accurate, complete, true and I hereby make a claim against OZARK Air Lines, Inc. in the amount of \$\_\_\_\_\_ for a loss occurring on \_\_\_\_\_ 19\_\_\_\_.

The United States Post Office has investigative jurisdiction under Federal laws relating to sending false or fraudulent claims through the United States mails. Any such claims received by OZARK Air Lines are reported to the United States Postal authorities.

Losses of Baggage in interstate shipment or of articles from such baggage due to theft come within the purview of federal statutes and, therefore, are subject to investigation by the Federal Bureau of Investigation.

PASSENGER'S SIGNATURE

DATE

NOTARY PUBLIC (SEAL)

THIS COPY FOR OZARK AIR LINES



## RESERVATIONS PROCEDURES MANUAL

CHAPTER: 600  
SUBJECT: RESERVATIONS PROCEDURESPAGE 1  
EFFECTIVE: 8-29-70

## 600.23 SCHEDULE CHANGES (OZARK)

## A. Introduction

1. In providing our passengers with the best service possible, it is of the utmost importance that we advise our passengers of changes in their reservations due to schedule changes either by Ozark or other airlines.
2. A schedule change involves changes in flight numbers, flight times, frequency, cancelled flights and rerouted flights that affect a passenger's online or interline itinerary.

When a schedule change affects an OZ segment, the segment is automatically modified and the controlling city is advised for passenger notification to be accomplished. In those cases where analysis of the PNR indicates action by another city, the PNR will be rerouted to another OZ city via its confirmation queue or to another airline by teletype.

## B. Responsibilities CRO/Non-CRO Cities

The queue agent retrieving the PNR of the passenger will notify the passenger of the schedule change and will make any required adjustment of subsequent space as directed by the passenger. In those cases where the change has caused a connection to become sub-minimum, the passenger must be rebooked.

## C. Procedures to be used by Ozark Reservation Office

Those agents assigned the job of advising passengers will display the PNR's from the schedule change queue using the display from PNR queue entry with the correct special Q code number.

1. Record the schedule change information in remarks and note the date passenger was called (month/date/agent since is automatically recorded). This step is important to; insure a common understanding with the passenger, enable Ozark employees to keep the customer correctly advised on subsequent calls by him or Ozark, preclude letters of complaint by being able to immediately advise a customer of the particulars in the event of a problem, adjust/change reservations and/or the ticket.
2. If your office is not in control of the passenger, relay via Q the "ASC" to an appropriate airline/office that may logically notify the passenger. E.G., Your city booked space for a



## RESERVATIONS PROCEDURES MANUAL

CHAPTER: 600  
SUBJECT: RESERVATIONS PROCEDURESPAGE 2  
EFFECTIVE: 12-30-71

## 600.23 SCHEDULE CHANGES (OZARK)

## C. Procedures to be used by Ozark Reservation Office (Cont)

passenger that was ARNK from your city to the first boarding city. A call to the passenger to notify him of the schedule change results in advice that the customer is enroute to the first boarding city. In this case, Q an "ASC" to the first boarding city.

## D. Local Office Action

When passenger notification is completed, the following actions are taken:

## 1. Holding Passengers

Any WK segments should be removed from the itinerary using the cancel segment entry. SC segments should be changed to HK using the change segment status entry if the passenger desires to hold the space. If not, the SC segment should be cancelled.

## 2. Listed Passengers

Only those listed passengers with a waitlist priority will be placed on queue for notification. In the normal case, the affected segment will have a status code of WL and the reaccommodation segment will have the original segment's status code. If the passenger desires to retain the listed segment, the agent will cancel the WL segment with the cancel segment entry.

→ It is possible that while the PNR is on queue awaiting processing, the waitlist processing procedure may clear the passenger from the waitlist, in which case the protection segment will have the status code of KL. If the passenger desires to hold the protection space, the agent will change the KL segment to an HK segment with the change segment status entry and cancel the WL segment. If not, the agent will cancel both the WL and KL segment with the cancel segment entry.

Problems experienced in processing a schedule change should be relayed to the Vice President of Reservations & Communications.





## RESERVATIONS PROCEDURES MANUAL

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SUBJECT: RESERVATIONS PROCEDURESPAGE 3  
EFFECTIVE: 8-29-70

## 600.23 SCHEDULE CHANGES (OZARK) (CONT)

## E. Incoming OA Schedule Changes

Notification of schedule changes on other airlines will be received by Ozark on a passenger-by-passenger basis. This information may be received either via teletype or by telephone to a local office.

Upon receipt of the advice by the local office, the receiving agent will display the subject PNR and adjust the itinerary to reflect these changes:

1. If the segment involved is simply cancelled with no protection provided by the carrier involved, the status of the affected segment should be changed to UN.
2. When protection has been provided for a cancelled segment, the status of the affected segment should be changed to UN and the protection segment(s) should be entered with the action code of KK.
3. If the change involves only times and/or airports, the status code of the affected segment is changed to UN. A new segment is created reflecting the changes and is entered with an action code of KK.

Received From

When the schedule change notification is received by telephone, the received from entry should be the city code, airline code, and the agent who is notifying OZ of the change. If received by teletype, the notifying city and airline code will be inserted.

Routing

At this point, it must be determined who has control of the passenger so that he may be notified. If OZ is in control, the PNR will be entered on a PNR queue of the city in control with the prefacing message ADV SKED CHG.

OZARK AIR LINES, INC.  
APPENDIX VIII  
PAGE 4 OF 4

**OZARK**  
.....

## RESERVATIONS PROCEDURES MANUAL

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PAGE 4  
EFFECTIVE: 8-29 -70

## 600.23 SCHEDULE CHANGES (OZARK) (CONT)

## E. Incoming OA Schedule Changes (Cont)

## Examples:

Time Change

2	OA	14F30OCT	MDWLGA	UN	2	530P	700P
3	OA	14F30OCT	MDWLGA	KK	2	515P	645P

Airport Change

2	OA	14F30OCT	LGAORD	UN	6	100P	200P
3	OA	14F30OCT	JFKORD	KK	6	100P	200P

Flight Change

2	OA	14F30OCT	JFKLAX	UN	3	1000A	300P
3	OA	244F30OCT	JFKLAX	KK	3	1000A	300P

END

OSARK AIR LINES, INC.  
APPENDIX IX  
PAGE 1 OF 2

NO CHANGE ON THIS PAGE.

C.T.C.(A) NO. 53

C.A.B. NO. 142

Airline Tariff Publishers, Inc., Agent

11th Revised Page 184

LOCAL AND JOINT PASSENGER RULES TARIFF NO. PR-6

Cancels 10th Revised Page 184

RULE

## SECTION VII - REFUNDS AND REROUTINGS

## 395 REFUND - VOLUNTARY (Continued)

(B) Person to Whom Refund is Made. Except as provided below, carrier will refund in accordance with this rule to the person named as the passenger on the ticket.

Exception 1. Tickets Refundable to Purchaser Only.

## REFUND OF TICKETS AS DESCRIBED BELOW

## WILL BE MADE ONLY TO:

In exchange for a Prepaid Ticket Advice and/or Miscellaneous Charge Order

The purchaser of the Prepaid Ticket Advice and/or Miscellaneous Charge Order

Under a Universal Air Travel Plan referred to in Section III in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 118, issued by Airline Tariff Publishers, Inc., Agent

The subscriber against whose account the ticket was charged

Against a Transportation Request issued by a government agency, other than a U.S. Government Agency.

The government agency which issued the Transportation request.

Against a U.S. Government Transportation Request

The U.S. Government Agency which issued the U.S. Government Transportation Request with a check payable to the "Treasurer of the United States"

Tickets for transportation via AL, TS, AA, BN, CP, DL, EA, FL, HA, LX, NA, NW, OZ, RV, SO, TW, UA or WC issued against a credit card referred to in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 118, issued by Airline Tariff Publishers, Inc., Agent.

The account of the person to whom such credit card has been issued

Exception 2. Tickets Refundable to Person Other Than Passenger (Applicable only to AC, AL, AA, CP, CO, EA, ND, NW, PA, RV, TZ, TW, UA and WA.)

If, at the time of purchase, the purchaser designates on the ticket another person to whom refund shall be made, refund will be made to the person so designated. A refund made in accordance with this procedure to a person representing himself as the person so designated in the ticket or exchange order will be deemed a valid refund and the carrier will not be liable to the true passenger for another refund.

Exception 3. (Applicable to AL, AA, CO, TW and UA only)

If, at the time of application for refund, evidence is submitted that a company purchased the ticket on behalf of its employee or the travel agent has made refund to its client, such refund will be made directly to the employee's company or the travel agent.

(C) Lost Tickets (Not Applicable to BN)

(1) Amount of Refund. When a passenger loses his ticket, or the unused portion thereof, the carrier which issued the ticket will make a refund to the passenger in the following amounts, as applicable:

(a) If no portion of the ticket has been used, refund will be an amount equal to the fare and charges paid.

(b) If a portion of the ticket has been used, and

(1) the passenger has purchased a new ticket covering the same transportation as that covered by the unused portion of the lost ticket, refund will be an amount equal to the fare and charges paid for such new ticket.

(11) the passenger has not purchased a new ticket covering the same transportation as that covered by the unused portion of the lost ticket, refund will be an amount equal to the difference between the fare and charges paid and the fare and charges applicable to the transportation of the passenger covered by the used portion of the ticket.

(2) Application for Refund

(a) Time Limit. (Applicable to all participating carriers except PA) Refund will be made in accordance with (1) above provided application therefor has been made not later than one month after the expiration date of the lost ticket.

(Continued on next page)

For explanation of abbreviations, reference marks and symbols used but unexplained hereon, see Page 8.

ISSUED: AUGUST 8, 1974

EFFECTIVE: SEPTEMBER 7, 1974

(Printed in U.S.A.)

CORRECTION NO. 7888

C.T.C. (A) NO. 53

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Airline Tariff Publishers, Inc., Agent

27th Revised Page 185

LOCAL AND JOINT PASSENGER RULES TARIFF NO. PR-u

Cancels 26th Revised Page 185

SECTION VII—REFUNDS AND REROUTINGS

**REFUND - VOLUNTARY (Continued)**

(C) (Continued)

**(2) Application for Refund (Continued)**

(b) **Where Filed.** (Not applicable to AC, NW, AS, AA, CP, CO, DL, EA, NA, NW, PA, PW, RV, TZ, TW, UA and WA). Application must be filed in general offices of carrier.

(c) **Form of Application.** Application must be made on forms prescribed by carrier for such refunds.

**(d) When Payable.**

(i) Via AL, AA, CO, DL, EA, NA, PA, PI, TW and UA refund will be made upon receiving application for such refund, subject to (e) and (f) below.

(ii) Via all other carriers, except AL, AA, CO, DL, EA, NA, PA, PI, TW and UA refund will not be made in less than four months after receipt of proof of loss, subject to (e) below.

**EXCEPTION (1)** AC, NW, RV, TT or WA will refund a ticket purchased under the Universal Air Travel Plan provisions contained in Credit Plan Tariff No. CP-1, C.T.C. (A) No. 43, C.A.B. No. 116 upon receiving application for such refund, subject to paragraphs (e) and (f) below.

**EXCEPTION (2)** TT will refund a ticket issued against a Transportation Request issued by a government agency upon receiving application for such refund, subject to paragraphs (e) and (f) below.

(a) **Previous Use or Refund.** Refund will be made only provided that the lost ticket or lost portion thereof has not previously been honored for transportation or refunded to any person.

(f) **Indemnity.** Carrier will make such refund only provided that the person to whom refund is made agrees, in such form as may be prescribed by the carrier, to indemnify carrier for any loss or damage which it may sustain by reason of such refund.

(3) **Service Charge.** The following carriers will impose a service charge, as shown below, per ticket for handling such request for refund of a lost ticket:

	U.S. Currency	Canadian Currency
AL, NW, PA, TZ . . . . .	\$5.00	\$5.00
RW, AS, TS, AA, CO, DL, EA, FL, HA, NA, NC, PI, RV, SO, TT, TW, UA, WA, WC . . . . .	\$5.00	\$5.05

**EXCEPTION:** (Applicable to WA, AS, NW, TS, AA, CO, DL, EA, FL, HA, NA, NC, NW, PA, PI, RV, SO, TW, UA, WA and WC only) no service charge will be imposed for Military passengers when transportation is paid for with a U.S. Government Transportation Request (Form No. 1169)

**(D) Rerouting of Excursion Fare Ticket Due to Death of Family Member. (Applicable via DL or EA)**

When a passenger holding a partially used excursion fare ticket, which is subject to a minimum return limit, is rerouted, pursuant to Rule 385 (C), to return to the point of origin prior to the earliest date permitted for return travel under the rules applicable to such excursion fare because of the death of a member of the passenger's immediate family, carrier will make a refund to the passenger as follows:

(1) A refund will be made in the amount of the difference between the fare paid for the transportation used via the revised routing and the excursion fare that would have applied to the routing used if the passenger had complied with the minimum return limit applicable to such excursion fare.

(2) Application for refund must be made on forms prescribed by carrier and stating thereon the name, relationship and date of death of the member of the passenger's immediate family.

(3) The term immediate family, as used in this rule, means spouse, children, grandchildren, parents, brothers, sisters, daughter/son-in-law and father/mother-in-law.

(Continued on next page)

For explanation of abbreviations, reference marks and symbols used but unexplained hereon, see Page 8.

ISSUED: JUNE 11, 1973

EFFECTIVE: JULY 11, 1973

(Printed in U.S.A.)

COLLECTION NO. 5547

OZARK AIR LINES, INC.  
 APPENDIX X  
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## CUSTOMER SERVICES MANUAL

CHAPTER: 3000 - TICKET COUNTER SERVICES  
 SECTION: III  
 SUBJECT: BOARDING PROCEDURES

ISSUED: 08-15-73  
 EFFECTIVE: 08-15-73  
 SUPERSEDES: 05-15-72

## C. REMOVAL FOR OVERGROSS AND OVERBOOKINGS

1. Ozark's Reservation System is designed to prevent overbookings and/or oversales. Occasionally overbookings, overgross, or oversales do occur due to:
  - a. Human error.
  - b. Aircraft substitution, utilizing equipment of lower capacity.
  - c. A deterioration of weather conditions which requires additional fuel on the aircraft or unexpected rise in temperatures which would reduce the allowable Take-Off Weight.
  - d. A temporary malfunction of our communications system which may cause reservations to be lost.
2. When it becomes necessary to remove or refuse cargo and/or space available passengers due to overgross/overbooking, the following shall be the order of removal/refusal:
  - a. All company material except Positive Co-mat.
  - b. NRSA-passengers as follows:
    - (1) Class "5" - Interline Authorizations.
    - (2) Class "4" - APP or ASP Authorizations traveling on personal business or pleasure.
    - (3) Class "3" - Holders of FAA, CAB, or Post Office travel authorizations, when traveling on a space available basis.
    - (4) Class "2" - Authorizations traveling on personal business.
    - (5) Class "1" - Authorizations traveling on company business.

NOTE: Should more than one person holding equal classification be subject to refusal, check-in time will be the determining factor, the agent will use his best judgement in determining the passenger or passengers to be removed. Such



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CHAPTER: 3000 - TICKET COUNTER SERVICES	ISSUED: 06-26-74
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C. REMOVAL FOR OVERGROSS AND OVERBOOKINGS - (Cont)

Factors as previous removal, distance to travel, requirements of work schedule, etc., will be considered. The decision of the agent on duty will be final.

An NRSA on board a flight will not be removed for a local NRSA of equal or lower priority.

An NRSA who was removed or refused an earlier flight will be given priority over other local boarding NRSA's of equal priority.

- c. Preferential Mail.
  - d. Air Freight.
  - e. Air Express.
  - f. Subject-to-Load Passengers (Includes Clergy Fare).
3. If, after removal of above, it has been determined that an overbooking situation still exists.
- a. Check with operations to determine the number of passengers cleared through your station and the number of seats available.
  - b. Determine if any local boarding passengers reservations can be cancelled on a thirty (30) minute ticketing time limit.
  - c. Determine if any local boarding passenger's reservations can be cancelled on the basis of the ten (10) minute minimum airport check-in time limit.
  - d. Determine the number of passengers checked-in from your Passenger Name List Manifest (PNL), and your lifted flight coupons.
  - e. If your calculations indicate that the number of through passengers, plus local boarding passengers, already checked-in with confirmed tickets is greater than the number of seats available, an oversale situation exists.



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C. REMOVAL FOR OVERGROSS AND OVERBOOKING - (Cont)

4. Oversales - An oversale cannot occur until the flight has departed your station, leaving a checked-in passenger holding a confirmed ticket. Until this occurs, the flight may be "overbooked" in that our records indicate space will not be available for all passengers holding confirmed seats.

Do not permit your Local Passengers to board until the situation has been resolved.

- a. Selection of Passenger to be Denied Boarding - Your choice of the overbooked passengers will be made from the LOCAL BOARDINGS, as follows:

(1) Non-Revenue Must Ride (NRMR)

Passengers that are holders of positive transportation will be treated as revenue passengers without special privileges. They will be refused PRIOR to the refusal of revenue passengers, unless the NRMR is traveling on such business as will affect the operation of the Company. Examples of some conditions that would make it advisable to board the NRMR ahead of revenue passengers are:

- i) A flight crew going to take over the operation of a flight.
- ii) A mechanic traveling to repair an aircraft that is needed to continue the operation of a flight.
- iii) An official of the Company, traveling on imperative business that could not be postponed, such as to attend a hearing on behalf of the Company; meet with city or state officials, or other business of that nature.

NOTE: The importance of the NRMR's business will be determined by taking him aside, beyond the hearing of the other passengers, and discussing the matter with him.



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C. REMOVAL FOR OVERGROSS AND OVERBOOKINGS - (Cont)

(2) Local Revenue Passengers

Refuse passenger(s) who will be least inconvenienced.

If the oversale is not known until the flight is being boarded, the agent will ask for volunteers who will remain behind. When there are volunteers, they are still to be given Denied Boarding Compensation when applicable. When there are no volunteers, the last local passenger to check-in at the ticket counter (gate, if gate check-in is applicable) will be refused. This selection is automatic.

NOTE: Local Passenger - One who is beginning his trip with the flight being checked at that time, not an online or interline connecting passenger.

(3) In selecting the passenger to be refused, avoid the selection of:

- i) unaccompanied children.
- ii) elderly passengers.
- iii) sick passengers.
- iv) incapacitate passengers.
- v) passengers holding connecting interline space.
- vi) passengers traveling with a group, i.e., tour group, musical group.

NOTE: An agent will do all possible to accommodate the Denied Boarding Passenger on another flight, to his destination within two (2) hours of his original scheduled departure.





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## C. REMOVAL FOR OVERGROSS AND OVERBOOKINGS - (Cont)

### 4. Oversales - (Cont)

#### b. Approaching the Passenger Selected

- (1) In removing or refusing the passenger, be tactful and courteous.
- (2) Offer our apology to the passenger for the unfortunate incident.
- (3) Present passenger with copy of "Notice of Denied Boarding Compensation". Form CS-5318 (Shown Below).
- (4) Refer passenger to Ticket Counter (or Gate Check-In) for alternate accommodations and/or Denied Boarding Compensation.



## **NOTICE OF DENIED BOARDING COMPENSATION**

The following "Notice of Denied Boarding Compensation" is provided in accordance with Civil Aeronautics Board Economic Regulations, Part 250, as amended by ER-081, May 19, 1971. Tariffs filed by Ozark Air Lines with the Civil Aeronautics Board provide denied boarding compensation to a passenger holding confirmed reserved space where the flight, for which the passenger holds such space, is unable to accommodate him and departs without him. Passengers eligible for denied boarding compensation shall be compensated at the rate of 100 percent of the value of the first remaining flight coupon on their tickets with a \$200 maximum and a \$25 minimum. OZARK is required to tender to each such passenger, on the day and place the denied boarding occurs, a draft in the amount specified above which, if endorsed and paid within 30 days, shall relieve OZARK from liability for all claims for damages which might accrue to the passenger as a result of OZARK AIR LINES' failure to provide the passenger with space on the flight in question. Where, however, OZARK AIR LINES arranges, for the passenger's convenience, alternate means of transportation which departs before the draft can be prepared and tendered to the passenger, tender will be made by mail or other means within 24 hours after the time the denied boarding occurs. In order to qualify for such compensation a passenger must have complied fully with OZARK's requirements as to ticketing, check-in, and reconfirmation procedures and be acceptable for transportation under OZARK's tariff. However, a passenger is not eligible for compensation if (a) the flight for which the passenger holds confirmed reserved

space is unable to accommodate him because of Government requisition of space or substitution of equipment of lesser capacity for operational and/or safety reasons; (b) OZARK AIR LINES arranges for either (1) comparable air transportation ("Comparable Air Transportation" means transportation provided by air carriers or foreign air carriers holding certificates of public convenience and necessity or foreign permits issued by the Board); or (2) other transportation accepted (i.e., used) by the passenger which, at the time either such arrangement is made, is planned to arrive at the airport ("Airport" means the airport at which the direct connecting flight on which the passenger holds confirmed reserved space is planned to arrive or some other airport serving the same metropolitan area that is served by the former). Provided that transportation to the other airport is accepted (i.e., used) by the passenger) of the passenger's next stopover or, if none, at the airport ("Airport" carries the same meaning as described in previous parentheses) of his destination earlier than, or not later than 2 hours after, the time the direct connecting flight on which confirmed reserved space is held is planned to arrive. In the case of interstate and overseas air transportation, or (c) the passenger is accommodated on the flight for which he holds confirmed reserved space, but is offered accommodations or is seated in a section of the aircraft other than that specified in his ticket at no extra charge. Provided, that a passenger seated in a section for which a lower fare is charged shall be entitled to an appropriate refund

Form CS-5318  
OCTOBER 1971



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CHAPTER: 3000 - TICKET COUNTER SERVICES  
 SECTION: III  
 SUBJECT: BOARDING PROCEDURES

ISSUED: 08-01-74  
 EFFECTIVE: 08-01-74  
 SUPERSEDES: 04-15-74

D. DENIED BOARDING PROCEDURES

Tariffs filed by Ozark Air Lines with the Civil Aeronautics Board provides "Denied Boarding Compensation" to a passenger when we are unable to accommodate him on a flight for which he holds confirmed reservations and the flight departs without him.

Procedures set forth by Ozark, in accordance with these tariff rules are as follows:

1. Ozark is required to pay each denied passenger on the day and place that the denied boarding occurs a draft in the amount specified in Paragraph Three (3) which, when endorsed and paid, shall relieve Ozark from liability of all claims for damages which might accrue to the passenger as a result of Ozark's failure to provide the passenger with space on the specified flight.

NOTE: Should onward transportation be arranged for the passengers convenience before the draft can be prepared and given to the passenger, the draft must be mailed to the passenger within 24 hours.

2. In order to qualify for denied boarding compensation, a passenger must have complied fully with Ozark's requirements as to ticketing and check-in procedures and must be acceptable for transportation under Ozark's tariff.
3. Amount of Compensation

Passengers eligible for denied boarding compensation MUST BE compensated at the rate of one hundred percent (100%) of the value of the first remaining flight coupon on their tickets with a maximum of \$200.00 and a minimum of \$25.00.

For the purpose of this rule, the value of the first remaining flight coupon of the ticket shall be the applicable one way fare or fifty percent (50%) of the applicable round trip fare, as the case may be, including any surcharge, less any applicable discount.  
THE 8% U. S. TRANSPORTATION TAX DOES NOT APPLY.



CUSTOMER SERVICES MANUAL

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 SECTION: III EFFECTIVE: 08-01-74  
 SUBJECT: BOARDING PROCEDURES SUPERSEDES: 04-15-73

D. DENIED BOARDING PROCEDURES - (Cont)

3. Amount of Compensation - (Cont)

EXAMPLES:

- a. Passenger is denied on Chicago - Peoria flight.  
 Compensation due:

Chicago -Peoria fare	\$23.15
Security Surcharge	\$ .59
<u>TOTAL</u>	<u>\$23.74</u>

As this is less than \$25.00, the minimum \$25.00 payment would apply.

- b. Passenger is denied Saint Louis - Milwaukee.  
 Compensation due:

Saint Louis - Milwaukee fare	39.81
Security Surcharge	.59
<u>TOTAL</u>	<u>\$40.40</u>

The total Denied Boarding Compensation due is \$40.40.

- c. Adult Passenger and Child traveling on a Group Ticket Saint Louis - Milwaukee are denied.  
 Compensation due:

Saint Louis - Milwaukee fare (Adult)	\$39.81
Child's fare	\$26.85
<u>Sub Total</u>	<u>\$66.66</u>
+ 2 Security Charges	\$ 1.18
<u>TOTAL</u>	<u>\$67.84</u>

The total compensation due is related to the Child's Fare discount. As this is a Group Ticket, it is subject to the discount though the security surcharge is not. Passengers traveling together on separate tickets are subject to computations as in a. and b.

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CHAPTER: 3000 - TICKET COUNTER SERVICES  
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ISSUED: 08-01-74  
 EFFECTIVE: 08-01-74  
 SUPERSEDES: 04-15-74

D. DENIED BOARDING PROCEDURES - (Cont)

4. Exceptions

The passenger WILL NOT BE ELIGIBLE for "Denied Boarding Compensation" if:

- a. The flight upon which the passenger holds confirmed reservations is unable to accommodate him because of:
  - 1) Government requisition of space.
  - 2) Substitution of equipment of lesser capacity when required by operational and/or safety reasons.
- b. Ozark arranges for alternate means of transportation which is planned to arrive at passenger's next point of stopover or destination, within two (2) hours from the scheduled arrival of the passenger's confirmed flight.

For purposes of clarification, the definition of "stop-over" is, a deliberate interruption of a journey by the passenger, agreed to in advance by the airline at a point between the place of departure and the place of destination.

EXAMPLE: Passenger holds round trip, confirmed reservations, Ozark from SPI to ORD connecting with American from ORD to LGA. Passenger's point of stopover is LGA, while his destination would be SPI on the return portion.

REMEMBER: If new planned arrival is not within two (2) hours of original arrival the passenger must be given Denied Boarding Compensation.

→ NOTE: Passengers denied boarding due to over-gross including fuel requirements are eligible for compensation.

CS-5319  
08-15-73PASSENGERS DENIED CONFIRMED SPACESTATION \_\_\_\_\_ DATE \_\_\_\_\_  
FLIGHT \_\_\_\_\_ BOOKED \_\_\_\_\_ ON BOARD \_\_\_\_\_

1. Number of passengers who received Denied Boarding Compensation, per tariff rule. \_\_\_\_\_

2. Number of passengers who were qualified for Denied Boarding Compensation, but did not accept such compensation.

NOTE: If any passengers qualified for Denied Boarding Compensation were not offered compensation, attach a statement as to the number of such passengers and an explanation of why the offer was not made.

\_\_\_\_\_

3. Number of passengers who were denied boarding, but did not receive compensation due to exceptions in tariff rule:

a. Government requisition of space. \_\_\_\_\_

b. Substitution of equipment. \_\_\_\_\_

c. Alternate arrangements are made that will get the passengers to his destination within the limits provided for in the tariff rule. \_\_\_\_\_

4. Total of 1., 2., and 3. above. \_\_\_\_\_

5. Reasons for oversale, overgross, etc. - (REMARKS)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
(Signature of Agent)

OZARK AIR LINES, INC.  
APPENDIX XI  
PAGE 1 OF 1



We regret that your trip has been interrupted or delayed due to operating circumstances. Although OZARK intends every passenger to reach his destination on schedule, there are factors such as weather, air traffic delays, or unforeseen mechanical difficulties which may prevent the accomplishment of this objective. We trust you can appreciate our desire to operate flights only under those circumstances which insure the safety and comfort of our passengers.

Under our governing tariffs, on file with the CIVIL AERONAUTICS BOARD, Ozark will provide, on request, the following amenities and services for any revenue passenger who has been cleared to board or is onboard a specific flight. These amenities are generally applicable when the passenger's delay is expected to exceed 4 hours.

**COMMUNICATIONS:** Ozark will provide one long distance telephone call, not to exceed the standard three minutes, or one straight telegram, not to exceed 20 words, to any point in the Continental U. S. Due to limited facilities, we must ask you to utilize a public telephone. Please contact an Ozark Agent for information needed to bill the charges to Ozark.

**GROUND TRANSPORTATION:** Ozark will provide intra-city ground transportation such as a taxi or limousine to a bus or train station or to a hotel. Ozark does not assume liability for inter-city alternate ground transportation to your destination. A voucher for transportation must be obtained from an Ozark Agent.

#### INTERRUPTED TRIP ADVICE

CS-5327  
15 Dec 73

**MEALS:** Ozark will provide complimentary meals for a period not to exceed 24 hours. Please obtain a voucher from an Ozark Agent.

**OVERNIGHT ACCOMMODATIONS:** When a passenger's delay is expected to exceed 4 hours and extend into the time period of 10:00 P.M. to 6:00 A.M., Ozark will provide overnight accommodations for passengers not domiciled in the area where the interruption occurs. A voucher should be obtained from an Ozark Agent.

**REFUND:** If you desire to continue your trip immediately, prior to the next scheduled airline service, Ozark will provide a refund equal to the value of air transportation from the point of interruption to your destination. The refund may be utilized to obtain alternate transportation. An Ozark Agent will assist you with information regarding rental cars, bus and/or train schedules.

**NOTE:** Often passengers are able to "pool" their refunds to defray the cost of unscheduled transportation. Consult an Ozark Agent for your refund and assistance.

The foregoing amenities may vary at different locations according to circumstances and the services available. Please consult an Ozark Passenger Service Agent for details. Written inquiries regarding the above policies may be directed to:

Director, Consumer Affairs  
Ozark Air Lines, Inc.  
Lambert Field  
St. Louis, Missouri 63145

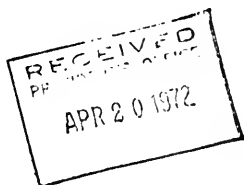
OZARK AIR LINES, INC.  
APPENDIX XII  
PAGE 1 OF 20



**CIVIL AERONAUTICS BOARD**  
WASHINGTON, D.C. 20428

*C. Young*  
IN REPLY REFER TO: B-1-63

April 19, 1972



AIR MAIL

Mr. Edward J. Crane  
President  
Ozark Air Lines, Inc.  
Box 6007  
Lambert Field  
St. Louis, Missouri 63145

Dear Mr. Crane:

You are undoubtedly aware of the April 13, 1972 Consumers Union press conference on a May issue Consumer Reports article entitled, "How airlines overcharge on connecting flights." The Board is seriously concerned about the allegation that large numbers of passengers may be overcharged on connecting services. For that reason all U.S. scheduled route carriers are directed to investigate their practices and experience with respect to interline sales and to report promptly to the Board the results of that investigation and such corrective action as has been taken.

Your investigation should cover each of the following specific points:

- a. What are the current carrier procedures for determining applicable interline fares from published tariffs?
- b. How are these instructions disseminated to carrier personnel and travel agents?
- c. What sources do ticket sellers and travel agents have at hand to determine applicable interline fares?
- d. What post audit procedures are followed to determine the accuracy of charges made and what action is taken with respect to over/under charges?
- e. What passenger records are retained after ticket sales in order to make such adjustments as may be necessary (name, address, telephone number)?


- 2 -

- f. Each carrier is directed to audit all tickets sold on any one weekday during the week of April 9-15, 1972 for one large hub point, one medium hub point, and one small hub point and to submit a report as follows:
1. Total tickets sold.
  2. Total interline tickets sold.
  3. Total interline tickets sold at published joint fares and total sold at constructed fares.
  4. As among constructed fare interline tickets, determine number correct and number in error. (Of total constructed fares, indicate the number of fares constructed (1) by using a combination of fares of the same or different classes of service, (2) by using the more distant point concept, and (3) by determining the fares in accordance with Rule 85(D) of ATP CAB No. 142. Indicate the number of over/under charges by construction category and the average dollar amount of the over/under charges by construction category.)
  5. As to constructed fares found to be in error, state what corrective action has/will be taken.
  6. Submit suggestions on what steps are contemplated or suggested to prevent recurrence of the kinds of errors found.
  7. Submit such other general comments on this problem as may be deemed pertinent.

A final report should be submitted to the Board, attention Director, Bureau of Economics, by May 1, 1972.

In the interim, the Board believes the carriers will wish to assure the traveling public that they are considering corrective measures to insure that all passengers are charged tariff fares and that all claims or requests for review of interline charges will be promptly handled.

Sincerely,

  
Chairman



OZARK AIR LINES, INC.  
APPENDIX XII  
PAGE 3 OF 20



C/A FILE

O Z A R K      A I R      L I N E S

April 27, 1972

Mr. Robert Sherer  
Director  
Bureau of Economics  
Civil Aeronautics Board  
1825 Connecticut Avenue N. W.  
Washington, D. C. 20428

REFERENCE: B-1-63

Dear Mr. Sherer:

In response to Mr. Browne's letter of April 19, 1972, Ozark Air Lines has conducted the requested survey of interline tickets, the results of which are tabulated in Appendix A. Following are responses to those specific areas of inquiry as listed in the above referenced letter.

- a. Ozark's current procedures for determining applicable interline fares are based solely on official tariffs on file with the Civil Aeronautics Board. These procedures apply equally to ticket counter agents and reservations personnel.

Ozark's airport ticket counter personnel have direct physical access to the various rules and rate tariffs. Reservations personnel have access through our fare desk which maintains tariffs and is staffed with personnel trained in this specific activity. All field personnel also may use this service.

OZARK AIR LINES, INC.  
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Mr. Robert Sherer  
Page Two  
April 27, 1972

- b. Carrier personnel are instructed in the use of tariffs by a variety of methods including on-the-job training, classroom instruction, periodic bulletins from the Tariff Department, and training bulletins. With specific reference to interline joint fares, many stations maintain a "ready reference" for their station based upon origin and destination experience. The "ready reference" often includes back-up and more distant point fares for passengers originating at that location.

Travel agents of the carrier are required to maintain official tariffs and demonstrate proficiency in their use. Further, Ozark does offer support in terms of participation in tariff training classes conducted by other carriers and on-site training by Ozark personnel. Also, the fares desk in our Central Reservations Office often rates itineraries for travel agents and they are encouraged to utilize this service.

- c. Sources for determination of applicable interline fares are as indicated in a and b above.
- d. Ozark Air Lines currently audits every interline ticket to determine if the correct fare was charged. Approximately two-thirds of Ozark's tickets are issued on credit transactions. Corrections are made to eliminate overcharges on this type of ticket. The single error made during the survey period had already been corrected and the customer's charge document changed accordingly prior to the survey as a result of Ozark's routine audit procedure. Undercharges are generally absorbed by the carrier as collection efforts are rarely successful.

OZARK AIR LINES, INC.  
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Mr. Robert Sherer  
Page Three  
April 27, 1972

- e. Ozark presently maintains passenger name records for 60 days in computer storage. These records generally indicate name and telephone number. Auditors coupons are maintained for substantially longer periods of time and on occasion would have pertinent information which might be used to contact the customers.
- f. See Appendix A for Items 1 through 5.
- 6. Ozark routinely notifies ticketing personnel of all types of discrepancies for corrective training with reports of corrective action submitted by the location making the error.
- 7. Also, Ozark is currently reviewing an automated fare construction and ticketing program which would effectively eliminate the human error factor within the parameters of the present applicable tariffs.

Ozark Air Lines assures the Board that intensive efforts are being made to correct the problems inherent in our domestic fare structure in the areas of both on-line and interline fares. We would suggest that while the back-up/further point aspect of joint fares is a problem, the incidence of applicability of these types of fares is very small in relation to total tickets written. Only 4 of 60 interline tickets during the survey period used this type of fare (6.7%), and all were correct.

We trust the foregoing information will be of assistance to the Board in determining the scope of the matter in question and is responsive to the substantive issues raised.

Sincerely,

*(Signature)*  
E. J. Crane

E. J. Crane  
President

EJC/r

Encl/Appendix A

cc/ Mr. Rodgers Mr. Rose Mr. Hannon Mr. Weinman

APPENDIX A

## OZARK AIR LINES - INTERLINE TICKET SURVEY

SURVEY DATA	<u>April 12, 1972</u>	<u>April 12, 1972</u>	<u>April 12, 1972</u>
SURVEY LOCATION	<u>Chicago</u>	<u>Sioux City</u>	<u>Louisville</u>
1. Total Tickets Sold	336	101	18
2. Total Interline Tickets Sold	26	33	1
3. Interline Tickets Sold At:			
a. Published Joint Fares	2	11	0
b. Constructed Fares	24	22	1
4. Constructed Fare Interline Tickets:			
a. Correct	23	22	1
b. In error	1	0	0
c. Type of Construction			
1. Combination of fares for same or different classes of service	24	18	1
2. More Distant Point	0	4	0
3. Maximum Fare Rule	0	0	0
d. Construction Category (Errors)			
1. Combination of fares			
(a) Over/Under Charges	1	0	0
(b) Average Dollar Amount	*20.00	0	0
2. More Distant Point:			
(a) Over/Under Charges	0	0	0
(b) Average Dollar Amount	0	0	0
3. Maximum Fare Rule			
(a) Over/Under Charges	0	0	0
(b) Average Dollar Amount	0	0	0

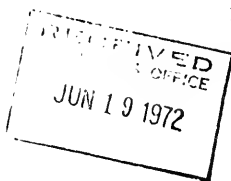
\* Ticket issued on charge document. \$20.00 overcharge was corrected by routine audit and customer's initial billing will be correct. (Corrective action was taken prior to survey.)

OZARK AIR LINES, INC.  
APPENDIX XII  
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CIVIL AERONAUTICS BOARD  
WASHINGTON, D.C. 20428

B-63a ✓



June 15, 1972

AIR MAIL

Mr. Edward J. Crane  
President  
Ozark Air Lines, Inc.  
Box 6007  
Lambert Field  
St. Louis, Missouri 63145

Dear Mr. Crane:

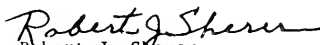
The Board is currently studying the data provided in response to the Chairman's letter of April 19, 1972, regarding interline sales and practices. To assist us in our review, we ask that you provide the following additional information at the earliest possible date:

1. In those instances, if any, where incorrect fares were charged, the market, routing, correct fare, incorrect fare charged, fare basis used (i.e., published joint or construction technique applied), and the proper fare basis (where a point beyond or "hidden city" applies please specify),

2. Your most recent estimate (percent), covering a representative time frame, of interline sales to total ticket sales, indicating the period on which the estimate is based.

For your information, it is our intention to make the data requested herein and that which was previously submitted available for public inspection.

Sincerely yours,

  
Robert J. Soper  
Director,  
Bureau of Economics

OZARK AIR LINES, INC.  
APPENDIX XII  
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CA-6-090  
RETURN TO  
CONSUMER AFFAIRS

FILE COPY

June 20, 1972

Mr. Robert Sherer  
Director  
Bureau of Economics  
Civil Aeronautics Board  
1025 Connecticut Avenue, N. W.  
Washington, D. C. 20428

REFERENCE: B-63a

Dear Mr. Sherer:

We have received your letter of June 15, 1972, requesting additional information regarding our survey of interline tickets issued.

Please refer to Appendix A of our letter of April 27, 1972. You will note that the single interline ticket error fell in category 4 (constructed fares). This resulted in a \$20.00 overcharge which was corrected prior to billing through a routine ticket audit. The customer's charge document (ATP Account) was also corrected and his initial billing was for the proper amount. (See Attachment A).

In response to question two, Ozark cannot supply data regarding the number of interline tickets. However, we can show the percentage of interline sales in terms of dollars for any representative period. We have chosen the year 1971. A complete breakdown by month is contained in Attachment B. The 43.2 percent estimate for 1971 is representative and generally reflects the current results for 1972.

OZARK AIR LINES, INC.  
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Mr. Robert Sherer  
Page Two  
June 20, 1972

January	44.9
February	44.6
March	42.9
April	42.3

We trust this is the information you require.

Sincerely,

By:  
E. J. Crane

E. J. Crane  
President

EJC/jr  
raw  
Attachments/-2

bcc/ Mr. Paul Rodgers  
Mr. A. J. Rose  
Mr. Darryl Welshaar

ATTACHMENT AINTERLINE TICKET ERROR

TICKET NUMBER	041-411-892-917	
SALES DATE	April 12, 1972	
LOCATION	Chicago - O'Hare	
ROUTING	ORD-SPI	OZ
	SPI-STL	OZ
	STL-MKC	TW
FARE CHARGED	ORD-SPI	\$26.00
	SPI-STL	\$18.00
	STL-MKC	\$27.00
	<u>TOTAL</u>	<u>\$91.00</u>

NOTE: Error was in totalling of point-to-point fares in fare calculation box.

CORRECT FARE \$71.00

NOTE: Charge document accompanied ticket and was revised to reflect correct fare of \$71.00, thus eliminating the \$20.00 error in addition.



ATTACHMENT BINTERLINE TICKET SALES - 1971

<u>MONTH</u>	<u>PERCENT OF TOTAL SALES</u>
JANUARY	44.2
FEBRUARY	44.8
MARCH	42.7
APRIL	41.6
MAY	40.6
JUNE	43.1
JULY	44.5
AUGUST	42.6
SEPTEMBER	43.3
OCTOBER	42.9
NOVEMBER	41.6
DECEMBER	46.0
TOTAL	43.8

OZAR AIR LINES, INC.  
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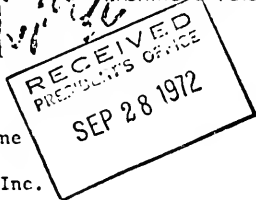


*Washington*  
*Please pay for*

CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20420

IN REPLY REFER TO: B-1-63a

AIR MAIL

SEP 28 1972

Mr. Edward J. Crane  
President  
Ozark Air Lines, Inc.  
Box 10007  
Lambert Field  
St. Louis, Missouri 63145

Dear Mr. Crane:

As you are aware, on July 12, 1972, the Board released the preliminary results of its survey of the scheduled air carriers' joint fare ticketing practices (Press Release CAB 72-138). Because of the substantial number of errors in fare construction which the survey revealed, the Board directed its staff to continue its review of the matter and indicated that it would consider the adoption of rules requiring specific publication of a greater number of joint fares.

At that time, the Director of the Bureau of Economics requested carriers to provide a further analysis of the construction errors in order to determine their cause. These data were supplied and have now been analyzed by the staff.

Errors in construction of joint fares stem from a number of causes, including failure to use a published fare for a higher class of service, construction over the wrong intermediate point, and simple arithmetic mistakes. Such errors simply should not occur. By far the most frequent cause of error is incorrect application of the rules requiring that a joint fare be held to the level applicable to a more distant point or be constructed by use of the so-called "hidden city" rule. Failure to apply these rules results in most cases in overcharges to the customer. The Board nevertheless believes that these rules are necessary under the present fare structure since, without them, many passengers would be required to pay a higher fare and fare inequities would be created which would raise serious questions of discrimination, preference, and prejudice.

OZARK AIR LINES, INC.  
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Mr. Edward J. Crane (2)

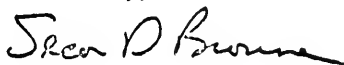
A number of proposals are pending before the Board in Phases 4 and 9 of the Domestic Passenger Fare Investigation which would reduce or eliminate the instances in which the construction rules now apply by the use of a uniform formula for both single-carrier and interline fares. Whether such proposals represent a proper solution to the problem is a complex matter which must await Board determination in the DPFI.

In the meantime, the gravity of the problem cannot be over-emphasized. These overcharges constitute prima facie violations of section 403 of the Act. Such violations must not and will not be tolerated, and would be substantially eliminated by specific publication of more fares in the tariffs. However, to date we have seen little evidence of efforts by the carriers in this direction, or otherwise to resolve the problem.

The Board believes it imperative that the carriers undertake immediately to publish joint fares which require use of either of the two construction rules mentioned above. While correct application of the two rules may require the talents of an experienced and knowledgeable ticket agent, clearly these efforts once expended should not be lost to the system. To the contrary, they should be preserved by inclusion of that fare calculation in the carriers' fare quotation systems and in the tariffs. In our opinion, a program of specific publication of joint fares along these lines need not await identification of all instances in which the two rules apply. Indeed, the obvious need for prompt corrective action suggests that specific publication must proceed on a continuing basis as the fares are used and identified. As a first step, the Board expects the carriers to publish all single sum joint fares involving first-class, coach and single class service, which are affected by the point beyond and hidden city construction rules for each and every routing where the traffic volume currently averages one or more passengers per day. We will expect such filings within 60 days.

The Board would also appreciate receiving a report within 30 days on the steps which your company has taken to provide more comprehensive training for ticket agents and to utilize automated fare quotation systems more effectively, two areas in which, as we have previously said, improvement is necessary.

Sincerely,



Chairman

OZARK AIR LINES, INC.  
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CONSUMER AFFAIRS FILE

O Z A R K      A I R      L I N E S

October 13, 1972

Mr. Secor D. Browne  
Chairman  
Civil Aeronautics Board  
1825 Connecticut Avenue N. W.  
Washington, D. C. 20428

Dear Chairman Browne:

We have received your letter of September 27, 1972, regarding joint fare ticketing practices. (Reference B-1-63A)

Ozark shares the Board's concern with ticketing practices and the effect on the consumer and the carriers in relation to overcharges and undercharges. We agree that the board and the industry should make every possible effort to insure compliance with Section 403 of the Act and Ozark has taken positive action in several areas.

In response to your letter of April 19, 1972, Ozark conducted the "Three-hub Survey" requested and reported the results to Mr. Sherer on April 27th. The results of that survey, which involved 60 interline tickets indicated that in every case where a "point beyond" or "back-up" fare was involved, the ticket was written correctly. Further, in our additional report of June 20, 1972, the one arithmetical error was explained in detail and it was noted that the fare had been adjusted and the passenger charged the correct amount on the initial billing to his credit card.

Ozark has been aware of the possibility of errors in ticketing. Prior to your letter of April 19th Ozark was already reviewing an automated fare quote and ticketing system, "Computic." This system was placed on-line on September 26, 1972 and is now being used as a basis for quoting a significant number of fares.

Mr. Secor D. Browne  
Page Two  
October 13, 1972

Modifications to the "Computic" program are now in progress and its capabilities will be substantially expanded in the coming months. At present, the system is quoting direct fares and published joint fares. Shortly after November 1, 1972, we will have the ability to construct joint fares in accordance with Rule 85 (J). Selected locations will have the ability to produce computer written tickets on or about November 15, 1972.

Ozark is presently compiling a list of all known "back-up" or "point beyond" fares which will be stored for reference in our reservations computer. Some of these "hidden city" fares are already in our system and more are being added on a continuing basis as various stages of our city-pair analysis are completed.

In conjunction with Ozark's city-pair analysis which will include approximately 160,000 city-pairs, we will participate in an Airline Tariff Publishers project designed to identify and publish as a part of the Joint Passenger Fares Tariff those known "hidden city" fares. A meeting for the purpose of determining the method of publication will be held November 1 and 2 with Ozark participating. Airline Tariff Publishers has indicated that with proper input, "hidden city" fares can be published on December 1, 1972, with an effective date of January 1, 1973.

In addition to the above, Ozark has pursued a continuing program of evaluation of ticketing performance and training to correct errors. In an effort to determine the effectiveness of our ticketing, we conducted a survey in June, 1972, the results of which are detailed in Attachment A. A 100 percent sample was taken at our four locations with the greatest volume of tickets written. Although a survey of 2960 tickets is not conclusive, the results obtained appear to indicate that ticketing errors are not as prevalent as first thought and also that these errors have not resulted in overcharges to the public as a whole.

You will note that of 2960 tickets written, only 62 or 2.09 percent contained errors. Twenty-one of these errors were arithmetical

OZARK AIR LINES, INC.  
APPENDIX XII  
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Mr. Secor D. Browne  
Page Three  
October 13, 1972

and are of the type which would be significantly reduced by automated ticketing. Forty-one errors involved the use of the wrong fare construction and are of the type we hope to reduce through full implementation of "Computic." Though much publicity has been given to overcharges, it is interesting to note that of the 62 errors, 32 or 51.6 percent were undercharges. In fact, the 32 undercharges totalled \$402.00, an average of \$12.56 per error ticket. The 30 overcharges totalled only \$151.06 and averaged \$5.04 per ticket. In all, undercharges exceeded overcharges by \$250.94, an average of \$4.05 per ticket written in error. Based on the total survey of 2960 tickets, Ozark undercharged an average of 8.5 cents per ticket.

Ozark realizes that any ticketing discrepancy is an error which should be corrected and our goal is that every passenger be charged the correct fare. Toward this end extensive training is being done on both an initial and recurrent basis. The implementing of our "Computic" program has been supported by programmed instruction packages for each Agent as well as classroom and on-the-job training. Further, the evaluation and corrective training programs derived from ticket audits and described in our letter of April 27, 1972 are continuing.

You may be assured that Ozark is making every effort to apply expanded technology and management expertise toward solutions to the problem areas you have indicated. We feel that significant progress has been made and are hopeful that our continuing effort will produce even better results in the future.

Sincerely,

Edward J. Crane  
President

bcc/ Mr. R. C. Hannon  
Mr. Paul J. Rodgers  
Mr. Darryl Weishaar  
Mr. A. J. Rose

EJC/jr  
raw  
Attachment

OZARK AIR LINES, INC.  
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ATTACHMENT A - JUNE, 1972 TICKET AUDIT

DATES: JUNE 19, 24, 28

LOCATIONS: PIA (ATO), PIA (CRO), ORD, STL  
 100 PERCENT SAMPLE

<u>TICKETS AUDITED</u>	<u>TICKET ERRORS</u>		<u>INCORRECT FARES</u>		<u>TOTAL ERRORS</u>	
	<u>NO.</u>	<u>AMOUNT</u>	<u>NO.</u>	<u>AMOUNT</u>	<u>NO.</u>	<u>AMOUNT</u>
2960	16 under	\$248.00	16 under	\$154.00	32 under	\$402.00
	5 over	\$ 25.36	25 over	\$125.70	30 over	\$151.06
Net Errors	21 under	\$222.64	41 under	\$ 28.30	62 under	\$250.94

PERCENT OF ERRORS

TICKET ERRORS	21	0.71%
INCORRECT FARES	41	1.39%
TOTAL	62	2.09%

AVERAGE ERROR	\$8.92
AVERAGE NET ERROR	(\$4.05) - Undercharge
AVERAGE ERROR PER TICKET	\$0.187
AVERAGE NET ERROR	(\$0.085) - Undercharge
OVERCHARGES REFUNDED (6)	\$42.00

OZARK AIR LINES, INC.  
APPENDIX XII  
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## CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20428

IN REPLY REFER TO: B-1-63a

April 24, 1973

AIR MAIL

Mr. Edward J. Crane  
President  
Ozark Air Lines, Inc.  
Box 1007, Lambert Field  
St. Louis, Missouri 63145

Dear Mr. Crane:

The Board's staff conducted another examination of interline tickets earlier this year, which indicates that there has been little or no improvement in the problem of fare misconstruction which the Board called to the carriers' attention about a year ago. The Board is extremely concerned with the carriers' continued failure to take forceful and effective corrective action.

Accordingly, the Board has decided to initiate several actions designed to eliminate improper construction of airline ticket charges in those cases where a passenger must utilize more than one airline to arrive at his destination.

First, we intend to condition our outstanding approval of C.A.B. Agreement No. 17116 (which authorizes the establishment of an airline committee to work with the publishers of the Official Airline Guide) with respect to the fare content of the Guide. Clearly, misquotation of fares stems in part from the use of unofficial data, including the information contained in the Official Airline Guide.

The Board also intends to institute two rule making proceedings. One proceeding will have as its objective more extensive distribution of tariffs the carriers publish individually - so-called "house" tariffs. Ticket agents of other carriers and travel agencies are now often unaware of special fares offered by a particular carrier and this contributes to the current problem. The other proceeding will propose limiting fares which may be published by rule, e.g., fares stated in percentage relationship to coach fares. We have found that fare construction is complicated by the publication of various fares, such as children's and family fares, by rule rather than in specific dollar amounts.



OZARK AIR LINES, INC.  
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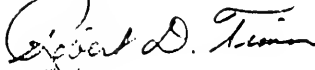
Mr. Edward J. Crane (2)

In view of the high error factor which presently exists in applying the fare construction rules, the Board expects the carriers to retain sufficient information about the purchaser to facilitate his location should adjustment be required after his ticket is audited and the price thereon checked. Further, the tariff publishing agent should be instructed to publish immediately the correct fare for the routing involved any time an error is discovered, and we expect participating carriers to give their prompt concurrences.

Finally, we expect all carriers to publish specific joint first-class, coach and single class fares, at a minimum for all routings which have appeared in three of the last four quarterly Origin and Destination Surveys. We continue to believe that one of the most meaningful ways to cut down on errors is to increase specific publication of joint fares.

We note that the Air Transport Association has announced the formation of an industry task force which will focus particular attention on problems experienced by airline ticket agents, reservations agents, and travel agents where a variety of fares exist, or where two or more carriers are involved in the transaction. The Board heartily endorses such a program and urges the industry to review this matter on a continuing basis since the problem is, in our opinion, one which requires immediate attention and constant monitoring.

Sincerely,

  
Chairman

OZARK AIR LINES, INC.  
APPENDIX XII  
PAGE 20 OF 20

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May 3, 1973

Re: B-1-63a

Mr. Robert D. Timm  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

Dear Chairman Timm:

We have received your letter of April 24, 1973 regarding joint fare ticketing practices.

You may be assured that Ozark shares the Board's concern and will continue its efforts to insure that all interline tickets are issued with the correct fare. We do feel that progress has been made and are confident that this problem will be resolved.

Ozark intends to participate in both the rule making procedures and in industry efforts to effect solutions. We will also make every reasonable effort to provide our personnel and agents with the technology, tools, and training toward the objective of full compliance with the Act.

Thank you for your interest and your courtesy in keeping us advised of the Board's position and activities in this matter.

Sincerely,

Respectfully,  
L. J. Chang

EJC:ph

cc: Paul J. Rodgers  
Darryl Weishaar

## OVERSEAS NATIONAL AIRWAYS RESPONSES TO AIRLINE QUESTIONNAIRE

## QUESTION:

1. *What additional routes would you fly or alternate forms of service would you provide if the CAB's entry policy were more permissive?*

In the charter sense, ONA interprets "entry policy" to mean operating authority. If ONA's operating authority were expanded and we were granted worldwide rights, we would begin to develop charter traffic to all marketable areas of the world. Such worldwide authority would maximize the advantages inherent in planeload charters. Charters would become the vehicle by which many new areas of the world could be opened to mass tourism offering to a broad base of the public many, many new destination alternatives at a price available only through the economic efficiencies of charters.

This could have a very beneficial effect on scheduled as well as supplemental airlines. As new tourist centers developed there would be the concomitant growth in the tourist infrastructure and the required commercial intercourse to maintain such infrastructure so that it is likely that an increased demand for scheduled service would also become evident. The Spain example is a case in point.

Additionally, ONA's ability to operate worldwide would stabilize equipment utilization and smooth out the peaks and valleys experienced when only limited authority is available.

Worldwide cargo authority would also mean entry of the charter airlines into this very vital activity on a far greater scale than at present. The variety of equipment operated by the charter airlines would allow us to carry outsized cargo, cattle, emergency traffic (such as oil well equipment in the event of breakdowns or fires) as well as regular cargo. Cargo shippers should enjoy the same cost advantages of planeload charters that exist for passengers and travel agents.

In support of the contention that there exists a worldwide shortage of livestock lift, the testimony of the Director of Holstein-Friesian Services, Inc. is attached in the exact form that it appeared and was presented in the Transatlantic Route Proceeding, CAB Docket No. 25908.

## OVERSEAS NATIONAL AIRWAYS

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## QUESTION:

2. A. *Why the decline in the number of supplemental air carriers?*

1) The regulatory environment both here and abroad, but particularly in the U.S., has been unfavorable to the full development and full potential of the charter airlines. The limitation of authority either geographical or by restrictive charter regulations has caused great grief to some of our former competitors as well as ourselves. When faced with a critical situation affecting corporate survival the carriers have been unable, due to points mentioned above, to respond in a manner which would have insured continued survival.

2) In the early days of the charter airline industry, the carriers usually were plagued by inadequate initial capitalization, and an inability to improve it significantly due to the restrictions of the CAB charter regulations mentioned in the paragraph above. In other words, the charter airlines were, by CAB restrictiveness, not allowed to grow along with their scheduled brethren which also, until very recently, has had the effect of not spurring the scheduled airlines into adequately serving the public demand for charter service.

The lack of financial stability referred to above, and the very restrictive CAB attitude which primarily caused it, created a very tenuous and volatile market and existence for the charter airlines which, in turn, contributed to periods of overcapacity, depressed yields due to excessive competition, predatory scheduled airline practices in the marketplace and a general lack of confidence by lending institutions.

3) Finally there has been the problem of mismanagement. Certain inept people have entered the industry or others have been unable to change with the time and have necessarily been left in the dust along with their companies.

B. *Why the increase of foreign charter airlines?*

The foreign charter companies (primarily European) were originally formed to serve the short-haul demand from countries of origin to the Mediterranean area. This was and is primarily a vacation market and is highly seasonal.

## OVERSEAS NATIONAL AIRWAYS

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The increased affluency in Europe caused increased demand to points farther afield and primarily for flights to the U.S. The foreign charter companies expanded their fleets to meet this demand with transatlantic operations; but they primarily were going after a share of the larger and more lucrative U.S. originating transatlantic charter market.

The U.S. market generated higher yields and helped offset the lower yields produced out of Europe thus making the transatlantic operation financially feasible.

The foreign scheduled airlines followed the independent charter companies and founded their daughter charter carriers for the purpose of serving this transatlantic charter market to suppress the foreign independent charter airlines as well as the U.S. supplemental carriers both of which could pose a threat. Further, the foreign scheduled airlines needed these daughter companies to do things the IATA parent carriers were not allowed to do within the confines of the IATA structure.

The ease with which 402 foreign air carrier permits are secured and granted by our own CAB has encouraged applications in excess of the demands and requirements of the marketplace.

Foreign charter airlines generally operate under a more liberal set of regulations than do the U.S. supplementals. For example, Canadian charter airlines operating one-stop ITC's to the Caribbean depart from commercial airports on the U.S./Canadian border and draw the great majority of their passengers from U.S. population centers.

### *C. Why the decline in the number of U.S. scheduled airlines?*

To the extent that there has been a significant decline in this class of carrier it has been due almost entirely to mergers (although some of these mergers have been based on financial instability, saturation of routes, etc.) and the lack of new entry allowed by the CAB. Several U.S. supplemental carriers have had the qualifications to provide scheduled service, but only one has ever been allowed to provide regular scheduled service (Trans Caribbean).

## OVERSEAS NATIONAL AIRWAYS

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- D. *What is the impact on the performance of the firms that remain within the industry?*

The result of a reduced number of supplemental carriers should have been that the expanding market would have been shared by fewer carriers and that the reduced capacity in a growth market would have nudged rates upward. This was not, however, to be the case. The declining number of U.S. charter airlines plus the expanding demand motivated the surviving carriers to invest in more and newer aircraft. The U.S. scheduled airlines recognizing the viability of this market and the need to employ their surplus aircraft fleets have put more and more equipment into the market. The foreign charter airlines as well as scheduled airlines compounded the overcapacity problem by adding their fleets to the transatlantic charter market. On top of all this, there was a spate in all markets of non-compensatory, charter-competitive scheduled airlines promotional fares which played havoc with charter rates, depressing yields to non-compensatory levels. This has had an adverse effect on the airlines serving both the scheduled and the charter markets, at least until recently. Within the past year, primarily due to the energy crisis, there has been a great relocation as well as reduction in aircraft fleets. This has made it possible for at least the U.S. charter carriers to increase their rates closer to compensatory levels.

An added factor is inflation. A cost-conscious public is looking for value in every purchase it makes. It has become a documented fact in the public mind that air charter travel for vacation represents the best value for the travel dollar. Consequently, we have seen the development of an irresistible public demand for low cost air transportation through charter services, while at the same time the CAB (whether intentionally or not) is trying to make it more difficult rather than less difficult for the public to take advantage of the economics of charter flights.

## QUESTION:

3. A *What factors do you take into account in setting charter rates?*

Rates are developed for a one year period based upon fully allocated costs plus return on investment and taxes so that for the entire year the desired level of profit is achieved. Fixed costs plus return on investment are allocated over an assumed number of aircraft miles based upon economic projections for the year being forecast. It should be noted however, that if projected utilization (traffic) is not realized, some of the economic costing assumptions will have been invalid,

## OVERSEAS NATIONAL AIRWAYS

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and consequently prices will not have been set high enough to cover costs and/or a reasonable profit. On the other hand, compensatory prices based upon low projected utilization, no matter how valid, are likely to produce little or no utilization at all and therefore be self-defeating, because such prices simply would not be competitive with scheduled service.

Rates during the year vary by season; and during certain seasons will be less than fully allocated costs and in some instances less than CAB direct operating costs. Seasonally, rates may be quoted on a trip by trip basis so as to make some contribution to fixed costs.

Rates are never quoted below an amount so that the airline would not recover the cash out-of-pocket variable costs that would not otherwise be incurred if the aircraft remained on the ground.

*B. Do you ever quote rates below fully allocated costs?*

On a seasonal basis, rates are quite often quoted below fully allocated costs. Due to the lower demand for charters during most of the period November through March, rates below fully allocated costs are quoted so as to encourage charter travel. Charter rates during this period must also be competitive with scheduled carrier discount and promotion fares if anyone is to contract to fly on a charter. This seasonal pricing is considered when rates are established as noted in 3.A. above, i.e. rates are higher in the summer and lower in the winter with the overall objective to be the achieving annually of a desired return on investment.

*C. Do you ever quote rates below direct operating costs per the CAB?*

CAB direct operating costs include cockpit crew and related expense, fuel, insurance, amortization, direct and indirect maintenance, depreciation and rentals. Of these costs, only fuel and direct maintenance are normally variable costs while the balance of these costs are fixed. Often the additional cost to operate an aircraft with passengers is less than the fixed cost elements of CAB direct operating costs. In this situation, a trip sold at less than CAB direct operating cost would still contribute to fixed costs. For example, if an aircraft is ferrying empty across the Atlantic anyway, a charter might be accepted if it would contribute substantially to direct costs, rather than flying for no revenue at all.

## OVERSEAS NATIONAL AIRWAYS

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*D. Do you ever quote rates below incremental costs and what do you include in incremental costs?*

Incremental costs would be defined as the additional cost (in most instances variable) to produce an additional unit of output, i.e. an additional charter trip. We would not quote a rate at less than this cost as defined as it would result in a direct current period cash cost (loss) that would not have otherwise occurred if the aircraft had remained on the ground and not flown the trip.

*E. Do you ever quote rates above fully allocated costs?*

Rates are normally quoted above fully allocated costs so as to provide the airline with a provision for return on investment and taxes, assuming projected utilization over the longer term (season or year) is achieved.



## SATURN AIRWAYS RESPONSES TO AIRLINE QUESTIONNAIRE

**SATURN**

AIRWAYS, INC.



December 17, 1974

The Honorable Edward M. Kennedy  
 Chairman, Subcommittee on Administrative  
 Practice and Procedure  
 United States Senate  
 Washington, DC 20510

AP

Dear Senator Kennedy:

The following is in response to your letter of November 20, 1974 in which you requested our reply to three points set forth in your questionnaire. We appreciate this opportunity to assist your committee.

1. If the CAB's entry policy were more permissive, Saturn Airways would provide several expanded or additional services that we believe are necessary services and in the public interest. These specific services are outlined below.

- a. Transatlantic Cargo Charter Services: Saturn Airways has applied for transatlantic general cargo charter authority (Docket #25908) which, if authorized, would permit an improved and unique cargo transport service for U.S. and foreign shippers alike. At this time, it is impossible to guess what the Board's final decision will be. At the present time not one U.S. supplemental air carrier is certificated to provide such cargo charter services.

Saturn Airways, under a CAB general exemption, is currently providing specialized outside cargo charter services in this market utilizing the very unique L-100-30 Hercules aircraft. This general exemption authority shall be terminated on December 31, 1974, and the CAB has already stated that it shall not be renewed. Under separate cover, our attorneys are sending you copies of Saturn's exhibits and other data (Docket #23975) connected with our continuing efforts to have the CAB reverse its decision and extend this general exemption. Despite the fact this type of specialized service is not competitive with the services of other certificated carriers, and there is a crying public need for the service, the CAB still refuses to allow the general exemption to continue.

- b. Split or Comingled Cargo Charters: At present, supplementals are permitted to operate cargo charters only if the aircraft is chartered to a single entity. Split cargo charters would permit two or more shippers to combine their cargo in order to take advantage of the full payload economies of the aircraft. Under current rules each shipper must charter a separate aircraft, thus paying a much higher rate for the entire aircraft. See Docket #24122 - Automotive Cargo Investigation - for additional data on this subject as it relates to the auto industry.

Senator Edward M. Kennedy  
 December 17, 1974  
 Page 2

- c. Intra-Alaska Cargo Charters: Saturn operates the largest commercial fleet of L-100-30 Hercules cargo aircraft (11) which, as you may know, are rear-loaded, truckbed height, and capable of transporting outside cargo up to 9' X 10' X 55' in size. This aircraft is in great demand by the oil exploration industry since it is capable of transporting drilling rigs/equipment direct to the job site on the North Slope of Alaska. In recent months we have operated many cargo charter trips from the lower 48 states to the oil fields of Alaska, however, there is also a very urgent need to move oil exploration equipment by air from points within Alaska to the North Slope. The carriers currently certificated to provide intra-Alaska cargo service are unable to handle the greatly increased demand for this vital service.
  - d. Cargo Charters to International Air Freight Forwarders: In order for Saturn to operate a international charter flight for any air freight forwarder it is necessary to obtain the consent in writing of the air carriers authorized to engage in scheduled air transportation in the geographical areas involved. This consent is difficult to obtain even if the scheduled carrier cannot properly fulfill the charterer's requirement itself. We believe charters to international air freight forwarders should not require a first-refusal by the route carriers, thus permitting the increased development of full planeload cargo charters in international markets. International freight forwarders should also be allowed to joint-load with other international forwarders to obtain the economies of planeload charters. (See Docket #23287 - Air Freight Forwarders Charter Investigation).
  - e. One-Stop Inclusive Tour Charters: Low-cost inclusive tours with chartered aircraft, of the type tours successfully operated in Europe for years, would provide the stimulant so badly needed in today's vacation passenger travel market. The artificially high pricing requirements and other restrictive rules now contained in the CAB rules for inclusive tour charters (Part 378 of the Economic Regulations - and proposed Part 378a) only serve to limit development of this form of economic vacation travel. I can assure you that Saturn Airways would very aggressively merchandise any truly marketable inclusive tour charter authority.
2. While the demise of some airlines in recent years can be attributed to ineffective management, I am of the opinion that a significant number of supplemental airline failures were the result of the unreasonable and antiquated regulatory climate. To effectively regulate this industry the Federal regulatory agency must be fully aware of total industry conditions and should maintain exceptionally close surveillance of changing market requirements and attitudes. It is essential that prompt action be taken by the regulatory agency, when necessary, to ensure the public convenience and necessity of all classes of travelers and shippers are continually served.

Senator Edward M. Kennedy  
 December 17, 1974  
 Page 3

Unfortunately, the Civil Aeronautics Board has not displayed such characteristics. They have instead shown a complete lack of understanding of the market for air transport services. In their efforts to insure continued viability of the scheduled air carriers the CAB has been overly protective and has saddled all regulated airlines with regulations that effectively preclude successful long-term competition with the scheduled carriers. The supplemental carriers that have survived are certainly in no better position than they were during the period prior to decline in air carrier numbers. The existing supplementals are still faced with the threat of extinction resulting from unmarketable federal rules and regulations. Without improvement in vital regulatory areas we can anticipate still further decreases in the number of carriers.

3. The following factors are considered in setting charter rates: Seasonality, directional flow of traffic, anticipated market mix and aircraft utilization, non-revenue flying, operating costs - direct and indirect, rate of return, and inflationary increases in costs - both known and anticipated. There are occasions where Saturn quotes rates below fully allocated costs, however, we do not quote rates below direct operating cost. As an example, when we are required to position (ferry) an empty aircraft from the U.S. to Europe in order to originate a flight, it makes good business sense to market this aircraft availability at "distressed merchandise" prices if we have been unable to sell it at standard rates. Obviously, this is done only as a last resort enabling us to recover at least our direct operating costs and generate a reasonable overall yield.

Incremental costing is normally associated with the short term and is employed only when economic and/or operational conditions change dramatically from the normal pattern. Under such conditions the charter rates established do not fall below the corresponding incremental costs. Included in the incremental costs are changes in the fixed costs resulting from changes in utilization and those costs in the direct operating category that deviate substantially from the normal (i.e. fuel/oil). Quoting of rates above fully allocated costs may be necessary when the proposed air charter operation is to be performed under mechanically hazardous conditions. Many of Saturn Airways' special cargo flights are customized operations that can present unknown cost factors. Landings on unpaved runways or rough landing strips, and operations into/out of remote areas of the Arctic or the deserts of Africa in support of oil exploration can often result in unforeseen maintenance/servicing of the aircraft.

We sincerely hope the above information will be of value to the Subcommittee on Administrative Practice and Procedure. Thank you for your consideration and interest in Saturn Airways, and please do let us know if we can be of further assistance.

Sincerely,



Howard K. Howard  
 President

HKH:gm

cc: Paul Y. Seligson, Esq.  
 Wilner & Scheiner Law Offices

## TRANS INTERNATIONAL AIRLINES RESPONSES TO AIRLINE QUESTIONNAIRE

1. What additional routes would you fly or alternate forms of service would you provide if the CAB's entry policy were more permissive?

We do not believe, necessarily, that the CAB entry policies should be more "permissive", if this is to be interpreted as permitting "free" entry of any concern into the air transportation industry. It is very much in the public interest that the nation's air transport industry be under firm regulation so as to protect the public from the consequences of unbridled competition and the business failures that would result. This could only lead to poorer standards of service and could result in degradation of safety standards, presenting a clear public danger.

However, the processes by which the CAB exercises its regulatory power and the logic of its decisions can, and should, be altered. Over the past few years the CAB has consistently ignored the consumer in its decision-making. It appears that its sole mission is to protect the U.S. scheduled carriers. To the extent that the statute under which the CAB operates emphasizes the well being of the airline industry and ignores the consumer, this policy is not surprising. It is very evident that the policy should change and this may entail rewriting the statute to bring the consumer interest into focus.

CARRIER AND ROUTE CERTIFICATION

General

The CAB has created a web of inter-related route and carrier certification processes over the past five years that has consumed untold man-years of airline management effort and many hundred thousands of dollars. In addition to the huge costs involved, TIA has been operating in "limbo" over this period with its basic certification and virtually all of its route authorities undergoing this gargantuan examination. We refer to the Transatlantic Route Proceeding begun in 1968 and resolved in 1972, only to be resuscitated in 1973 in a broader context, and the Supplemental Renewal Proceeding begun in 1971 and still remains unresolved.

The result of all this activity is that in 1975, TIA, a corporation that has operated responsibly as a supplemental air carrier for over twenty five years, has had jet

aircraft for the past thirteen years, and has invested millions of dollars in modern aircraft, can only show one permanent authority (domestic three-stop ITC) for its efforts. If an industry is to grow and prosper while serving its customers in a fair and equitable fashion, it needs clearer direction and more inspired leadership from its regulator than we have received.

#### Mexico

Quite apart from our belief that the CAB has failed to exercise leadership and to demonstrate fair-mindedness in its decision-making, TIA should probably now have operating rights to Mexico. These rights are not held by any supplemental air carrier that is prepared to seriously exercise them. In 1972, a carrier (Universal Airlines) who had operating authority to Mexico went bankrupt and TIA lost over \$1,000,000 in the process of salvaging their flights. We honored every Universal contract and the CAB granted a one year exemption for TIA operations in Mexico. TIA applied to have the authority extended in view of the almost non-existent supplemental service to the area. The request was denied, and TIA still has this application before the CAB in the Supplemental Renewal Proceedings. If the need for additional service and fast action taken by TIA to salvage the charter commitments of Universal had been properly recognized by the CAB, we would be serving Mexico today. We now hope that it will at least be recognized retrospectively when the Supplemental Renewal decision is finally handed down.

#### CARGO AUTHORITY

TIA has gained valuable experience in air transportation of livestock and cargo on a global basis. The livestock transportation method permits safe and rapid herd installation, and improvement in many countries whose agricultural economies critically need upgrading. We have pioneered in this field and have developed sophisticated airborne systems for housing livestock. In order to achieve economic pricing in this market (which is primarily one-directional), we have been steadily increasing our emphasis on air cargo operations. We have succeeded in developing significant cargo revenues, and have invested considerable amounts of money in development of cargo sales and management structure. However, we are denied the opportunity to fully develop our service potential in the area of livestock and cargo transportation because we are not permitted cargo or livestock transportation over the North Atlantic route. This is a market that is not adequately serviced, in that it lacks the charter dimension in the services offered. It is axiomatic that the scheduled carriers would not encourage cargo charters because they can divert charter-eligible loads to their scheduled services at a higher rate of return. We contend that certification of a charter specialist on the North Atlantic would provide a tremendous spur to the growth and development of that market.

## CHARTER REGULATIONS

### General

If, by some process such as we hope will result from your committee's efforts, the CAB were to be re-invigorated with a sense of consumer mission, TIA would benefit to the extent that the mass transportation needs of the public could be fulfilled. We believe that the considerable benefits of full-plane economies have not been made fully available to the public. The CAB, in framing charter regulations, has created a myriad of unworkable restrictions that do nothing to protect the travelling public. An example is their firm resistance to entertain the idea of selling seats on a charter flight on the basis of the total costs times the capacity of the aircraft. Instead, the CAB insists on "pro rata" wherein if the aircraft is sold except for one seat, the passengers are required to adjust their individual payments so as to compensate for this unsold seat. This inevitably involves selling a product at an unknown price. The best that can be presented to the buyer is the proposition that "it might be as low as. . . but on the other hand, it might be as high as. . .". This presents a clear impediment to effective selling, creates a huge administrative burden on the organizer (for which the passenger ultimately pays), and serves no purpose, except possibly the vagaries of the CAB regulations. This is just one example of the many inappropriate and unworkable rules that reflect the unrealistic nature of the CAB charter policies. If the CAB were consumer oriented, we believe they would dismantle this structure and replace it with simple, workable charter regulations designed to meet a public need.

### Affinity Charters

A crisis facing our industry at this writing arises from a recent proposal by the CAB to eliminate affinity charters. This type of charter represents over sixty-seven per cent of our business and is the cornerstone of our activities. The CAB has obviously misread the public need in proposing such a drastic step--the resultant public outcry confirms this. TIA considers it crucial that your committee be fully aware of the dangers inherent in this proposal, so that you can bring your authority and influence to bear on the final decision. To repeat, the public needs a regulator who will take the bold step of encouraging low-cost air transportation through the introduction of new and simple charter rules that maintain the basic distinction between charter and scheduled air travel. This has not happened, and it certainly makes no sense in this environment to eliminate the only successful model that exists. The efforts of the CAB should be directed towards eliminating the imperfections, not the whole concept.

2.a. What are the reasons for the steady decline in the number of supplemental carriers?

The supplemental airline industry had its origins for the most part in the immediate post-World War II era. It began as a business that needed very little capital, due to surplus of aircraft (DC-3 and C-47) existing at that time, and these airlines were generally managed by the pilot group that flew the aircraft. The first big reduction in supplemental carriers occurred when a certain group decided against, or failed to achieve, a conversion to jet equipment. They continued to operate for awhile, but either ceased operations or were acquired by other stronger carriers. This phase had passed by the mid-1960s, and the remaining carriers settled down to performing under their newly acquired route certifications. However, a few carriers had either over-extended themselves in acquiring jet aircraft, or did not fully exploit their certification and failed in the late-1960s.

The scheduled carriers became aware of the charter potential and introduced highly competitive "promotional" fares at the same time that the military airlift requirements to Southeast Asia were on the decline, and this contributed to the failure of two carriers who had recently merged (American Flyers and Universal Airlines).

In summary, the reasons for the decline in the number of carriers are varied, but weak capital structures, restrictive charter regulations, and inability to withstand periods of intense competitive activity (sometimes created by CAB approval of predatory, scheduled carrier promotional fares), or business downturn appear to have been the dominant influences.

2.b. What is the impact of the decline in the number of carriers on the firms remaining within the industry?

The impact on the surviving carriers can best be stated as "invigorating". The industry has been through a rationalization process, wherein, for the most part those carriers with strong, prudent management teams and relatively sound financial structures have survived. These carriers have the opportunity to offer good service and represent a stable force within the overall national air transportation system. There are sufficient business opportunities to keep us in a growth pattern, provided the CAB does not strangle the supplemental carriers with regulations and prohibitions.

3. What factors are taken into account in setting charter rates (are rates ever quoted that are below fully allocated costs, direct operating costs, incremental costs); what are included in incremental costs; are rates quoted above fully allocated costs?

On an overall basis, TIA rates are established by reference to anticipated total costs and allowance for a reasonable margin of profit. Within this framework, the majority of rates reflect fully allocated costs plus profit, but specific seasonal, market, and directional factors result in some rates being at, or slightly below fully allocated costs.

Many significant assumptions form the basis of our forecasting, and these include, but are not limited to, the following:

- . aircraft utilization
- . ferry factor
- . operating costs
- . interest rates

These all have a major influence on the ultimate profit and loss result, and if our assumptions in any one area are invalid, then even though we price by anticipating full cost recovery on a system basis, the result may be completely different. As a financial year proceeds, we have to continually observe our performance, and it may well be that in anticipation of poor results we would increase prices on future business not yet under contract. This could be interpreted as being in excess of fully allocated costs as they relate to those future contracts affected by the price increase. This would not be a valid appraisal, since the action has to be taken at some point in time and the burden thus falls indiscriminately on certain contracts.

Conversely, if we observe that ferry operations are inordinately high, we may decide to operate certain specific flights at less than full allocated costs in order to take advantage of the contribution they do make to defraying those costs. Our recent experience is that we are not adequately covering allocated costs; therefore, we do not deal in incremental costs.

The short answer to the question is that rates are established based on cost related information, and if this information changes significantly, so do the rates.



## WORLD AIRWAYS RESPONSES TO AIRLINE QUESTIONNAIRE

1. What additional routes would you fly or alternate forms of service would you provide if the CAB's entry policy were more permissive?

World Airways is a charter service specialist. The principal "entries" we want to make in the airline industry are in our own area of expertise -- charter service.

World has geographic rights to carry passengers on charter flights between the United States and all foreign points, except Canada and Mexico. World has co-existent cargo charter rights except it cannot carry cargo between the U. S. on the one hand and Europe, the Middle East and Africa on the other.

There are presently pending before the Civil Aeronautics Board two cases involving these rights.

In the Supplemental Renewal Case (Docket No. 23944) World is seeking permanent renewal of its rights as a supplemental carrier in markets other than those over the Atlantic. It is asking also in that proceeding that it be granted U. S. - Mexico charter rights. Though the charter service today to Mexican destinations is very inadequate (of the two principal supplemental carriers certificated in that market, one went bankrupt in 1972 and the other is operating erratically and appears to be going out of business), the CAB has refused to grant us a temporary exemption that would permit us to operate in this market during the pendency of the Supplemental Renewal case. This is an example of the excesses that sometimes occur in the operation of the Board's "entry" control system.

In the Transatlantic Route Proceeding (Docket No. 25908) the U. S. international carriers, both scheduled and supplemental, are seeking renewal and extension of rights between the U. S. and points served over the Atlantic. World is seeking to make its existing passenger charter rights permanent. In addition, it has sought to be permitted to operate cargo charter flights in these markets. Though the Board and the Congress have expanded passenger charter activity over the years to the point that this form of low-cost air transportation has become an important factor in the air transport picture, the same has not occurred in the air cargo charter field. The supplementals have been completely excluded from the principal air cargo market, that between the U. S. and Europe (and the Middle East and Africa). We think

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the entry policies of the Board on this subject have been exceedingly myopic.

World has, in the Transatlantic case, asked for one scheduled service right. It has proposed a unique service to several markets not now adequately served by any carrier, scheduled or supplemental. These are markets where scheduled carriers are not operating single plane passenger service. The service would be limited to participants in all-expense tours. Some of the areas World would propose to commence serving would be between U. S. points and Las Palmas and Palma; between U. S. points and Malaga and between U. S. points and Dubrovnik, Nice and Palermo. While not charter service, this would fit into World's role as a carrier to significant recreation destinations.

In discussing the subject of certificate rights, it should be pointed out that most of these certificate cases are very slow, long drawn-out affairs. The Supplemental Renewal case began on October 27, 1971 (Order 71-10-126). It is still pending before the Board for decision. The Transatlantic case began on September 21, 1973 (Order 73-9-83). It is still before the Administrative Law Judge. Counsel estimate the case will not be decided for at least another year. Not only are these proceedings discouragingly slow, but in the case of the supplementals they occur frequently. None of the supplementals' certificates, except those covering domestic rights, are permanent. This means that both the Board and the carriers are put to inordinate time and expense in constant proceedings dealing with the renewal of these rights. For example, World's Transatlantic certificate was first issued in April, 1966 after prolonged proceedings (40CAB233 (1964).) In 1968 a new certificate renewal proceeding was undertaken by the Board (CAB Docket No. 20569). After more extensive proceedings a renewal was ordered in April of 1972 (Order 72-5-9). In September of 1973 the Board ordered commencement of another transatlantic certificate renewal case, the one that is now underway. Thus since 1964, the Board and the carriers have been almost constantly litigating this issue. This is not sensible or efficient administrative procedure.

Before leaving the issue of certificate rights we should point out that in both of the cases referred to above, World is also protecting its presently certificated area of activity from incursions by other carriers. World does not think that it would be in the public interest to abandon completely reasonable controls over new entries in the air transport field. If the entry into any air transport business were completely thrown open with no controls we believe there would be chaos leading in the long run to poorer, more expensive service for the public.

In addition to expansion of its certificated rights, World and other supplemental air carriers have been seeking greater flexibility in the operation of their existing charter rights. The types of passenger and cargo charters which we are permitted to operate are strictly regulated by a number of very detailed economic regulations of the CAB. We have been seeking from the Board (and in some cases from the Congress) the following changes in these rules:

- (a) Pro-Rata (Affinity) Charters - The Board is threatening the termination of this type of charter (in which the participants are members of the same club or organization). This is presently the principal form of charter, accounting for over 60 percent of the industry total. We have taken the position that this mode should not be terminated until other forms of charters have been established and shown by experience to satisfy the low-cost transportation needs of the public that the affinity charters presently provide. The substitute charter modes that might accomplish this are set out below.
- (b) Inclusive Tour Charters - The present rules permit charters even though there is no "affinity" between the participants if a ground tour is a part of the package sold to the participants. This is only permitted if the ground tour includes overnight stays at three places more than 50 miles apart. There are also other seriously inhibiting restrictions, especially those regulating the total price for the air-ground package.

The Board in Docket No. 27135, has proposed a liberalization of these rules. World and the other supplementals have filed comments in the case severely criticizing this proposal as so restrictive as to be largely worthless. It certainly would not replace affinity charters.

- (c) Travel Group Charters - The travel group charter ("TGC") regulations permit participants who are not members of an affinity organization to travel on charters if the requirements as to advance purchase, advance payment, forfeiture of deposits and the like are met. No ground package is required. Though the European countries have adopted a similar, but far more liberal, charter mode called an advance booking charter ("ABC") which has been very successful, the CAB has refused to amend its TGC regulations so as to be equally marketable. We have urged that the TGC regulation be changed to make it usable, primarily by permitting the flight organizer (usually a travel agent) to be an indirect air carrier who can thereby charter the aircraft on his own behalf and sell the transportation at a fixed price.

If the TGC and ITC forms of charters were so liberalized, World would, after a reasonable period of experimentation to determine their satisfactory marketability, agree to the phasing out of affinity charters.

The improvement of these charter modes is the most important market "entry" or expansion sought by World Airways. It is essential for the continued development of low cost air travel for the American public.

2. (a) What are the reasons for the steady decline in the number of scheduled and supplemental carriers?

The reasons for the decline in the number of supplemental air carriers are quite clear. These carriers in nearly every instance began their operations as primarily military contract carriers. Few of them were soundly financed. As the military business declined, particularly in the latter stages of the Indo-China war, all of the supplementals tried to utilize their fleets by expanding their commercial business. Though some were able to make this transition successfully, a number of the carriers were not and, having limited resources, were forced out of business. Those carriers that remain are facing formidable economic problems. The scheduled carriers, who were at first unwilling to reduce their fares to meet the new competition of the charter carriers, have in recent years been forced to establish reduced rate, "promotional" fares and have in some instances, also gone into the charter business themselves. At the same time the CAB has been slow to provide more liberal new charter rules and, in some instances, have even made them more restrictive. As a result the very existence of the remaining supplemental carriers is in jeopardy. Their demise would lead to a situation where scheduled carriers, particularly the IATA carriers in the international field, would be free to set their air fares without concern for low-cost charter competition, a result that would be unfortunate for the U. S. public.

We do not think our views on the reasons for the decline in the number of U. S. scheduled carriers are worthy of much consideration because we are not that close to their scene. In the main, however, it would appear that small carriers, weakened by excessive competition, have been taken over by larger, stronger companies with the resources and route structures capable of sustaining the operation.

2. (b) What is the impact of the decline in the number of carriers on the firms remaining within the industry?

Speaking of the supplemental carrier industry, we find that the fewer number of remaining carriers are stronger and better able to offer good service and modern equipment by the consolidation of the charter business in their hands. There is still plenty of competition remaining between the supplementals themselves and between the supplementals, on the one hand, and the scheduled carriers, both U. S. and foreign, on the other, to keep them aggressive and efficient.

3. What factors are taken into account in setting charter rates (are rates ever quoted that are below fully allocated costs, direct operating costs, incremental costs); what are included in incremental costs; are rates quoted above fully allocated costs?

World's charter rates are based on fully-allocated costs plus a reasonable profit. The difficulty in determining rate levels is to correctly predict how much ferry mileage (i. e., miles flown with an empty aircraft to position it for its next flight) and unused fleet time will be experienced during the period when such rates are in effect. A rate may return all costs and reasonable profit if the ferry mileage experienced by the carrier is a small percentage of total miles flown. If business is poor so that such a level of ferry mileage is high, the otherwise adequate rate may become totally inadequate. Similarly, if the carrier's fleet is fully utilized only during certain months of the year and is mostly grounded for lack of business during the rest of the year, a rate that would be highly compensatory based on a high fleet utilization may become totally inappropriate under such circumstances.

In view of these major cost uncertainties in our business (there are others, of course, including escalating fuel, personnel and other costs) there are times when our rates turn out to be too low. World, for example, is currently losing money on its airline operations. Yet our rates are probably as high as or higher than any in the industry in most markets.

Of course, at some point, rate levels can be so high as to reach a point of no return. Increasing the rates beyond a point at which there will be demand for these services will lead to no increase in revenue. It has been our general policy to charge rates at levels

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we believe will return fully-allocated costs and a reasonable profit, after making what we think to be appropriate estimates of ferry mileage, fleet utilization and escalating operating costs. If this proves to be unmarketable we would prefer to see our fleet activity decline than to reduce rates substantially. To do otherwise can only lead to economic disaster.

Unfortunately, due to the fact that it is traditional for charter agreements to be entered into far in advance of the flight covered, it is difficult quickly to accommodate changes in ferry experience, fleet utilization or operating costs.

We do have two exceptions to our policy of setting rates based on our estimates of fully-allocated costs plus a reasonable profit factor. The airline business (and especially the charter portion of it) is seasonal in nature. To build up traffic during the winter months World and other carriers have lower rates during that period, higher rates in the fall and spring period and still higher rates in the summer months. Our statement above about World's rate policies refers to average annual rates.

The second exception to our policy of charging fully allocated costs plus a profit is in our special one-way tariff. World and most other carriers have a special rate for one-way flights between the U. S. and Europe. If we have an aircraft that is to ferry across the Atlantic to pick up its next load and we are offered a flight (usually a sub-service by another carrier on short notice) we offer a lower rate than our usual round trip rates. This rate returns full out-of-pocket costs. Since it avoids the dead loss of a ferry leg, it meets a test sometimes used in rate-making, namely, the so-called "profit-impact" test.

Finally, as to whether we ever charge rates above fully-allocated costs, we do, of course, seek to charge rates that include a profit. Also, if the ferry, fleet utilization and operating cost factors turn out to be better than projected, rates could become more remunerative than had been planned. Unfortunately this has not been the case in the past two years.

## AIR CALIFORNIA RESPONSES TO AIRLINE QUESTIONNAIRE

Q.1. See Profile of Air California

2. All rates and routes are approved by the California Public Utilities Commission. Regulatory time may take between 6 months and 2 years to receive approval or disapproval on an application.
3. In 13 of our 20 city pair markets, there was no service offered and the company felt that the economics of these particular markets could support new air service. In the 7 markets being served by another carrier, it was felt that the markets were being poorly served and there was a need for Air California. We did propose lower fares in the competitive markets, but the fares were in line with our system fares. Our fares are based on supply and demand with the cost of operation being the key. Each market is analyzed to determine profitability prior to filing a route application and later justified at a regulatory hearing. Pricing is a very important strategy for market development, in fact, Air California has continued discount fares (family plan, group fares, etc.) in order to better tap the potential market.
4. The following city pairs are served by Air California:

<u>City Pair</u>	<u>Fare</u>	<u>Profitable</u> *
a. Santa Ana - San Francisco	\$24.30	
b. Santa Ana - San Jose	24.30	
c. Santa Ana - Oakland	24.30	
d. Santa Ana - Sacramento	24.77	
e. San Diego - Santa Ana	11.48	
f. San Diego - San Jose	26.67	
g. San Diego - Oakland	26.67	
h. San Diego - Sacramento	26.85	
i. Palm Springs - San Francisco	29.63	
j. Palm Springs - San Jose	29.63	
k. Palm Springs - Oakland	29.63	
l. Palm Springs - Sacramento	30.09	
m. Palm Springs - Santa Ana	12.22	
n. Palm Springs - Ontario	12.22	

\*[The subcommittee has agreed to Air California's request for confidentiality for this information.]

<u>City Pair</u>	<u>Fare</u>	<u>Profitable</u> *
o. Ontario - San Jose	\$24.30	
p. Ontario - Oakland	24.30	
q. Ontario - Sacramento	24.77	
r. Ontario - Santa Ana	8.33	
s. San Jose - Sacramento	11.48	
t. San Jose - Oakland	8.33	

5. See Attachment

6. [ The subcommittee has agreed to confidentiality for this information. ]

7. Comparison of competitive fares.

<u>Market</u>	<u>Competitor</u>	<u>Air Cal Fare vs. Competitor</u>
San Diego - Santa Ana	Air West	Lower
San Diego - San Jose/Oakland	PSA	Same
San Diego - Sacramento	PSA	Same
Palm Springs - San Francisco	Western	Same
Palm Springs - Sacramento	Western	Same
Palm Springs - Ontario	Western	Same
Ontario - San Jose	Continental	Higher
Ontario - Sacramento	PSA, Western	Higher
San Jose - Sacramento	Air West	Lower

\* Does not include flight delays and weather which would add 10-12% in flight time.



We can maintain good load factors by effective scheduling each and every day. We do not waste seats in any market. We also combine markets during poor time periods.

8. Our low fare allows the public the ability to fly cheaper than they can drive. It also encourages new travellers and repeat travellers.

<u>Air</u>	<u>Fare</u>	<u>Per Mile</u>	
Orange County - Bay Area (one hour)	\$24.30	6.4¢	
<u>Auto</u>	<u>Ground Miles</u>	<u>Per Mile</u>	<u>Cost</u>
Orange County - Bay Area (seven hours)	423	15¢	\$63.45

As can be seen by the example, the air service allows a traveller to commute in the morning and return at night cheaper than he can by driving one way.

9. We have not experienced any abnormal increase in passengers due to lower fares in a new market. Most of Air Cal's markets were not previously served and therefore historical traffic was not available for analysis.
10. [The subcommittee has agreed to confidentiality for this information.]
11. The fare must be economic, competitive, and consistent with other markets. Traffic volume and cost of operation normally are the key indicators. The fares are compiled by the marketing department and approved by the executive staff. During 1974, Air California filed a system rate increase with the Public Utilities Commission. This increase was required due to cost increases in salaries and wages, facilities, landing fees, and security. The company also filed seven applications for rate relief due to fuel price increases. Our base fares have increased 20% since last year.

12. See Attachment
13. See Attachment
14. See Attachment
15. See Attachment
16. See Attachment
17. For the first eleven months of 1974, Air California's on time record is as follows:

Zero delay	54.9%
1-15 delay	35.2%
On time or within 15 minutes	90.1%
Schedule Completion Factor	99.8%

From what we read in the Aviation Daily, Air California probably has the best on time and completion factor in the scheduled airline industry.

The ability to be on time in our commuter type business is critical and we give it the highest priority.

18. See Attachment
19. Our routes average on a market-by-market basis from 26 passengers per day between Palm Springs and Oakland to 880 passengers per day between Santa Ana and San Francisco.

COMPARISON OF 1973 O&D TRAFFIC

<u>City Pair</u>		<u>Passengers</u>
Boston	- New York	1,917,900
Chicago	- New York	1,726,320
Washington	- New York	1,740,980
Boston	- Washington	597,890
Chicago	- Washington	498,690
Chicago	- Boston	381,610

COMPARISON OF 1973 O&D TRAFFIC (cont.)

<u>City Pair</u>	<u>Passengers</u>
Orange County - San Francisco	321,130
- San Jose	276,520
- Oakland	187,140
- Sacramento	125,335
Ontario - San Jose	97,930
- Oakland	79,030
- Sacramento	23,775

Other markets are smaller.

Density of traffic allows a carrier to schedule more flights during the day, thereby increasing utilization of personnel and equipment. This reduces the unit cost of operation.

20. Air California has a perfect safety record for the eight years of operation. We are not familiar with the records of other airlines.
21. We do not fly interstate.
22. Same
23. Air California receives its routes and rates from the California Public Utilities Commission. All aircraft are licensed and approved by the F.A.A. as are all of the personnel who need to be licensed. Air California holds a C.A.B. exemption to go beyond the three mile limit for flight operations in California. Our cost for regulatory affairs approximates \$100,000 per year.
24. Yes. Air California believes that there is a need for another regional local service carrier on the West Coast. Air California would want to develop service from its existing eight cities to points such as: Boise, Salt Lake City, Denver, Albuquerque, Tucson, Phoenix, Las Vegas, Reno, El Paso, Grand Junction, Medford, Eugene, Portland, Seattle, Spokane, Twin Falls. Air California is presently processing applications to serve

Monterey, and South Lake Tahoe. We are studying possible service to Santa Rosa, Eureka, Redding, Santa Barbara, Bakersfield, and El Centro. All in California.

25. See Attachment

26. No

27. Employees	621
Departures	26,869
Passengers	1,322,528
Aircraft Miles	5,784,870
Flight Hours	17,440
R.P.M.'s (000)	474,446
A.S.M.'s (000)	665,260

For 11 months ending November 30, 1974.

28. Approximately 12.5% of our total hours are caused by delays and air traffic congestion. Our block hour ratio to flight hours is 1.20 : 1.00.

ON BOARD TRAFFIC BETWEEN  
MAJOR CALIFORNIA AIRPORTS  
January-October

	<u>Pax</u>	<u>Seats</u>	<u>Load Factor</u> %
SNA-SFO	308,150	416,072	74.0%
SNA-SJC	435,510	543,151	80.2%
SJC-OAK	193,728	556,884	34.8%
ONT-SJC	158,341	227,354	69.6%
SNA-SMF	102,062	136,179	74.9%
SAN-SNA	77,223	242,677	31.8%
SNA-OAK	59,428	82,791	71.8%
SJC-SMF	62,935	117,863	53.4%
ONT-SNA	48,162	177,800	27.1%
PSP-SNA	29,908	85,444	35.0%
SAN-SJC	24,364	49,105	49.6%
PSP-ONT	18,974	54,740	34.6%
SJC-SFO	5,882	20,785	28.3%
PSP-SFO	1,259	1,840	68.4%
PSP-SJC	755	1,035	73.0%
SFO-OAK	59	115	51.3%
ONT-OAK	7	86	8.1%

12. The company's forecast for 1975, which assumes a 70% load factor, indicates a positive cash flow of approximately \$768,000. The cash flow, assuming lower load factors, changes dramatically as illustrated below.

<u>Load Factor</u>	<u>Cash Flow</u>
55%	Negative \$5,042,000
60%	Negative \$2,762,000
65%	Negative \$ 481,000

Without major capital expenditures and borrowings the above results would apply to any one period assuming that increase in cost levels will be offset with fare increases.

13. The company leases all its aircraft: Eight (8) Boeing 737-200's and one (1) Lockheed Electra L-188. The lease terms are for a twelve (12) year period.
14. Our total costs for the eleven (11) month period ending November 30, 1974, were \$27,694,000 and accounted for by percentages as follows:

Advertising	1.6%
Other promotions	0.2%
Office rents	1.3%
Wages	25.6%
Executive salaries	.5%
Fuel	9.4%

No comparative studies have been made with the industry average.

15.

(\$000 omitted)

	1967	1968	1969	1970	1971	1972	1973
Revenues	\$ 4,354	\$ 8,849	\$13,686	\$16,144	\$19,729	\$22,905	\$27,023
Operating expenses	5,295	9,992	15,540	15,950	20,304	21,905	23,956
Interest on debt	258	616	564	596	460	376	343
Gross profit (loss)	(1,199)	(1,759)	(2,418)	(402)	(1,035)	624	2,724
Taxes paid (1)	-	-	-	-	-	15	219
Net return on equity (2)	-	-	-	-	-	-	-
Load factors	N/A	53%	52%	53%	52%	61%	67%

(1) State Income Taxes only

(2) Not applicable due to negative stockholders equity through 1972.

This statement is for total company wide route system. Individual route statements not available.

16. The company operates eight (8) Boeing 737's and one (1) Lockheed Electra. In general, wage expenses for pilots, other crew and ground personnel are lower than the average wages in the industry. This is accounted for by the fact that Air California is a relatively new air carrier (services started in January 1967) and is small in size.

25. Fuel costs as a percentage of our total costs:

1972	12.8%
1973	12.1%
1974	18.0%
1975	20.7%

Average fuel costs per gallon:

1972	15.03¢
1973	15.60¢
1974	28.50¢
1975	34.80¢





# AIR CALIFORNIA

## A BRIEF HISTORY OF AIR CALIFORNIA

8 Years Young...Over 7 Million Passengers Old

December, 1965 -- Five young businessmen -- William Myers, Alan H. Kenison, Mark T. Gates, Jr., William L. Pereira, Jr., and Lud Renick -- met in Corona del Mar to discuss forming an airline to meet travel needs between Orange County and the San Francisco Bay Area. As the result of their meeting, the decision is made to organize Air California.

January, 1966 -- Joining the younger men are several older men, all with considerable background in aviation. They include: J. Kenneth Mull, Air California's first president, formerly president of Lockheed Aircraft International, Inc., and Thomas Wolfe, Chairman of the Board, formerly vice president, sales, Western Airlines.

April 12, 1966 -- Following a series of meetings and creation of a small executive cadre, Air California is incorporated as a California corporation.

April 15, 1966 -- Air California files its first route application with the California Public Utilities Commission. The airline seeks a route between Orange County Airport and San Francisco International Airport.

June 28, 1966 -- The California Public Utilities Commission opens public hearings on Air California's first route application.

September 20, 1966 -- The California Public Utilities Commission grants Air California its first route certificate, calling for a minimum of

five daily round trips between Orange County and San Francisco.

November 15, 1966 -- Air California's first Passenger Tariff, filed with the California Public Utilities Commission, becomes effective.

December 1, 1966 -- Air California's first Air Freight Tariff (P.U.C.) becomes effective.

December 19, 1966 -- The Securities and Exchange Commission approves Air California's initial public stock offering of 250,000 shares.

January 16, 1967 -- Air California begins service on its first route with two Lockheed Electra prop-jet aircraft.

July 6, 1967 -- Air California files its second route application with the California Public Utilities Commission, asking for permission to fly from Orange County Airport to Oakland International and San Jose Municipal airport in the Bay Area.

July 27, 1967 -- The California Public Utilities Commission opens public hearings on Air California's second route application.

October 10, 1967 -- The California Public Utilities Commission awards Air California routes from Orange County Airport to San Jose and Oakland. Air California has added two more Lockheed Electras.

October 23, 1967 -- Air California begins service between Orange County and San Jose and Oakland.

February 1, 1968 -- J. Kenneth Hull retires as Air California's first president and Carl A. Benscoter, executive vice president of Mohawk Airlines, is elected president. N. Loyall McLaren is elected chairman of the board.

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March 1, 1968 -- Air California opens its own maintenance base at San Francisco International Airport.

March 5, 1968 -- Air California files its third route application with the California Public Utilities Commission. Routes between Ontario and San Jose/Oakland and between Hollywood-Burbank and San Jose/Oakland are sought.

March 6, 1968 -- Air California takes delivery of its first pure jet aircraft, two Douglas DC-9 twin-jets.

May 17, 1968 -- Air California inaugurates pure jet service on its Orange County to San Francisco route.

May 24, 1968 -- The California Public Utilities Commission opens public hearings on Air California's third route request.

June 11, 1968 -- The California Public Utilities Commission grants Air California its requests for routes from Ontario to San Jose/Oakland and from Hollywood-Burbank to San Jose/Oakland.

June 14, 1968 -- Air California flies its 500,000th passenger.

July 9, 1968 -- Air California files its fourth route application with the California Public Utilities Commission, requesting a route from Long Beach Municipal Airport to San Jose/Oakland.

August 20, 1968 -- Air California directors decide to expand the Air California jet fleet and standardize aircraft. An agreement to lease six Boeing 737 twin-jets is signed.

August 30, 1968 -- Air California files its first interstate route request with the Civil Aeronautics Board. The airline seeks inclusion

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in the CAB's Pacific Northwest-California route investigation and asks for routes linking Southern and Northern California to Portland, Oregon, and Seattle, Washington.

September 11, 1968 -- Air California amends its fourth California Public Utilities Commission route application to include routes to San Jose and Oakland from San Diego and to include routes from San Diego to San Jose/Oakland via Long Beach.

September 19, 1968 -- The Civil Aeronautics Board votes to include Air California in the Pacific Northwest-California route case to determine if Air California should be awarded routes to Portland and Seattle.

September 30, 1968 -- The California Public Utilities Commission opens public hearings on Air California's fourth intrastate route application.

October 7, 1968 -- Air California begins Boeing 737 jet service on its Orange County to San Francisco route.

October 27, 1968 -- Air California begins operations at Ontario International Airport with Boeing 737 service to San Jose and Oakland.

December 3, 1968 -- Air California begins operations at Hollywood-Burbank Airport with Boeing 737 service to San Jose and Oakland.

December 16, 1968 -- Final flight of Lockheed Electra aircraft.

December 17, 1968 -- Air California becomes a pure-jet airline with Boeing 737 jets used exclusively.

December 19, 1968 -- Air California files application with PUC for fare increases (first in its history) SNA/ONT-SFO/SJC/OAK from \$14.85 to \$16.19 and BUR-SJC/OAK from \$13.50 to \$14.52 (both exclusive of tax).

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February 27, 1969 -- Air California carries its 1,000,000th passenger, 25½ months after beginning operations.

March 25, 1969 -- California Public Utilities Commission grants Air California interim fare increases -- the first since the airline began operations. \$14.85 (\$15.59) to \$16.19 (\$17.00) and \$13.50 (\$14.18) to \$14.52 (\$15.25).

April 1, 1969 -- Air California's first Charter Tariff becomes effective.

April 14, 1969 -- Air California puts interim fare increase into effect, except in Burbank market.

April 14, 1969 -- Air California files application with California Public Utilities Commission for service to Sacramento from Orange County, Ontario and Hollywood/Burbank.

April 30, 1969 -- Annual meeting held at Newporter Inn, Newport Beach.

May 19, 1969 -- Pacific Southwest Airlines files omnibus application for all intrastate routes served or sought by Air California.

May 23, 1969 -- Air California increases its Military Standby fare from 50% to 66-2/3%; discontinues 50% Clergy Discount fare.

June 16, 1969 -- Air California changes style of stewardess uniform.

June 20, 1969 -- Air California files application with California Public Utilities Commission for routes from Palm Springs to San Francisco, San Jose and Oakland.

July 8, 1969 -- California Public Utilities Commission grants permanent fare increases to Air California, PSA, Western, United.

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July 29, 1969 -- Air California files application for Civil Aeronautics Board certification of existing California intrastate routes.

August 2, 1969 -- Air California increases Burbank fares. All other California Corridor carriers increase fares.

August 5, 1969 -- Air California's first jet first class passenger tariff (Fiesta Service) becomes effective (P.U.C.).

August 5, 1969 -- Air California files application with California Public Utilities Commission for fare increases to offset cost increases experienced in first-half 1969 (approximately 4.2%).

August 8, 1969 -- Air California files omnibus route application with California Public Utilities Commission for all intrastate routes served or sought by Pacific Southwest Airlines.

September 3, 1969 -- California Public Utilities Commission awards Air California non-stop route authority, San Diego-San Jose and San Diego-Oakland, specifying a minimum of two daily round trips. The same PUC order temporarily denies Air California Long Beach-San Jose route, temporarily denies PSA Long Beach-San Francisco and Long Beach-Oakland routes. Give both carriers until July 1, 1970, to negotiate terminal space and operating rights from City of Long Beach.

September 3, 1969 -- Air California begins Fiesta Service; becomes nation's first commuter airline to offer two classes of service. Fiesta Service fares are \$7.14 and \$6.67 (BUR) higher than commuter fares.

September 14, 1969 -- Passenger total for 1969 to date surpasses 1968-year total.

September 15, 1969 -- Air California carries its 1,500,000th passenger,

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exactly 32 months after start of service.

October 10, 1969 -- Air California notified the California Public Utilities Commission that it will provide service between San Diego and San Jose-Oakland and that it will negotiate with the City of Long Beach for terminal space and operating rights at Long Beach Airport.

November 4, 1969 -- The California Public Utilities Commission awarded Air California new routes from Palm Springs, California, to the Northern California Bay Area cities of San Francisco, San Jose and Oakland. The one way fare will be \$20 plus tax between Palm Springs and the three Bay Area cities.

December 10, 1969 -- Air California begins operations at Palm Springs Municipal Airport with the new daily Boeing 737 service to the Bay Area cities of San Francisco, San Jose and Oakland.

December 15, 1969 -- Pacific Southwest Airlines makes offer to acquire all of Air California's routes, assets and liabilities.

December 31, 1969 -- Air California carries 832,359 passengers during calendar year 1969 for a 39% increase in passengers carried over 1968.

January 14, 1970 -- Burbank to Oakland/San Jose service suspended.

January 16, 1970 -- Third anniversary of scheduled operations shows 1,760,221 passengers carried during first three years of operations.

March 3, 1970 -- California Public Utilities Commission grants Air California an interim 120 day fare increase, raising fares from 4.6c to 5.6c per revenue mile on all routes except Palm Springs to San Francisco/San Jose/Oakland effective March 18, 1970.

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May 13, 1970 -- Air California boards its 2,000,000th passenger just 3 1/3 years after start of operations.

May 19, 1970 -- Pacific Southwest Airlines withdraws its bid to acquire Air California.

May 21, 1970 -- Air California's president Carl A. Benscoter and treasurer Robert E. Soulerin resign from Air California posts and Robert W. Clifford Vice President Operations and Maintenance named Vice President and General Manager to run the airline.

May 28, 1970 -- Westgate-California Corporation announces tender offer for Air California's outstanding common stock.

June 22, 1970 -- Westgate-California Corporation assumes control position of Air California based on its successful tender and elects a new board of directors; C. Arnholt Smith, President & Chairman of the Board; P. A. Toft Executive Vice President; C. Hugh Friedman, Secretary; Robert W. Clifford, Vice President and General Manager; Dudley F. Miller, Vice President Marketing; C. L. Banks, Vice President Governmental Affairs; Carol Smith Shannon; Donald C. Heffner; Ronald J. Sutter; Norman B. Foster.

September 11, 1970 -- Max P. Van Dordrecht named Vice President and Treasurer of Air California.

September 15, 1970 -- Westgate-California Corporation accepts delivery of new Boeing 737-200 aircraft and turns the aircraft over to Air California bringing its fleet to seven Boeing 737-200 aircraft.

October 1, 1970 -- Air California's Senior Citizens fare tariff effective.

November 1, 1970 -- Air California begins service to San Diego with six daily flights between San Diego and San Jose/Oakland.



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November 11, 1970 -- Air California files to serve Eureka-Arcata Airport on a route between Eureka-Arcata and San Francisco and between Eureka-Arcata Airport and Orange County Airport/Disneyland and Palm Springs Municipal Airport via San Francisco.

November 12, 1970 -- Air California files with the CAB for authority to set up interline ticketing and baggage agreements with major airlines.

December 1, 1970 -- Air California filed with the PUC an application for new service between Los Angeles International Airport and San Jose Municipal Airport and Oakland International Airport with the San Jose or Oakland airports being either a terminal or intermediate point on the route.

December 31, 1970 -- Air California carried a total 799,702 passengers during calendar year 1970. Load factor was 52.8% with an average of 64 passengers on all flights.

January 14, 1971 -- Air California became one of the first airlines in the country to install the first set of smoke elimination devices on one of its Boeing 737s.

January 15, 1971 -- Air California introduces its new (Spanish inspired California gold and orange) stewardess uniforms.

January 16, 1971 -- Air California begins new service on its recently awarded route between Orange County Airport and Palm Springs.

January 16, 1971 -- Fourth anniversary of scheduled operations shows 2,558,167 passengers carried.

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February 11, 1971 -- Air California begins new service on its recently awarded route between Orange County Airport and San Diego.

February 25, 1971 -- The Air California Board of Directors elects Max Van Dordrecht, Vice President & Treasurer, to its Board of Directors. The Board of Directors elects Frederick R. Davis to the position of Assistant Vice-President Schedules & Economic Planning.

March 1, 1971 -- Air California announces room reservations agreement with the Rodeway Inns of America.

March 2, 1971 -- The California PUC approves Westgate-California Corporation's acquisition of controlling interest in Air California.

April 19, 1971 -- Air California begins contract training of Southwest Airlines stewardess personnel.

May 11, 1971 -- Annual Shareholders meeting elects Robert W. Clifford president of Air California and appoints Dudley F. Miller, executive vice president-marketing and Max Van Dordrecht, executive vice president-finance for the airline. The shareholders also elected a new Board of Directors for 1971. As follows: C. Arnholt Smith, P. A. Toft, Robert W. Clifford, Dudley F. Miller, R. J. Sutter, and C. Smith Shannon. Mr. Smith remains Chairman of the Board.

May 26, 1971 -- Air California takes delivery of a new Boeing 737-200 model jet aircraft, bringing the fleet total to eight Boeing 737-200's.

July 26, 1971 -- Air California carries its 3 millionth passenger in just over 4½ years since the start of scheduled flight operations.

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August 24, 1971 -- The California Public Utilities Commission awards

Air California new route awards: San Jose-Sacramento, Orange County Airport-Sacramento via Orange County Airport and San Jose, Ontario-Sacramento via Orange County Airport, Ontario-Sacramento via San Jose, and Palm Springs Sacramento via San Jose.

September 22, 1971 -- New service to Sacramento from Orange County Airport, San Diego, Ontario, Palm Springs, San Jose begins.

January 1, 1972 -- During calendar year 1971 the airline carried a total of 898,896 passengers for a 12.1% increase over 1970. Load factor was up to 51.8% with an average of 70 passengers on every flight.

January 16, 1972 -- Celebrated 5th anniversary of scheduled operations having flown over 3,464,000 passengers in perfect safety.

February 25, 1972 -- Kenneth Warren appointed Manager, Cargo Sales.

April 6, 1972 -- Richard W. Kerley appointed Manager, Charter & Tour Sales.

May 9, 1972 -- Frederick R. Davis elected Vice President Schedules & Economic planning.

July 6, 1972 -- Pacific Southwest Airlines (PSA) announces bid to control Air California.

October 1, 1972 -- New "50-26" Weekend fare introduced.

October 1, 1972 -- New Orange County Airport-Ontario service inaugurated.

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January 1, 1973 -- During calendar year, 1972, the airline carried a total of 1,090,010 passengers for a 21.3% increase over 1971. Load factor was 61% with an average of 82 passengers on every flight.

January 2, 1973 -- Frederick R. Davis appointed to new position of Vice President Marketing responsible for economic planning, schedules, route cases, inflight services and advertising, sales.

January 2, 1973 -- Joseph E. Walker elected to position of Assistant Vice President, Sales.

June 13, 1973 -- Began service between Ontario and Sacramento.

July 5, 1973 -- Proposed merger between Air California and Pacific Southwest Airlines dropped.

December 12, 1973 -- Has carried through December 11, 1973, a total of 5,738,754 passengers in perfect safety.

February 26, 1974 -- Announces the creation of "Happy Hop to Disneyland" vacation package.

March 13, 1974 -- Manuel G. Mello was named Vice President - Maintenance & Engineering headquartered at the airline's Oakland Maintenance Base is responsible for quality control and avionics, in addition to all maintenance and engineering of the aircraft fleet.

March 15, 1974 -- John E. Ericson was named Assistant Vice President Operations/Control responsible for flight control, crew scheduling, aircraft usage and planning.

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March 15, 1974 -- Linda Gifford was announced today as Director of Reservations responsible for control of the airline's 60 daily flights.

March 15, 1974 -- Robert C. Payton has been appointed Manager of Public Affairs, responsible for internal communications, press & community relations.

April 19, 1974 -- Air California reduces the price of inflight cocktails to \$1.

May 15, 1974 -- Curvin J. Trone, Jr., Howard W. Rathbun, and J. Thomas Talbot named to Board of Directors.

June 10, 1974 -- James R. Phelan named Regional Sales Manager - Northern Region.

June 10, 1974 -- Paul Ganci named Regional Sales Manager - Southern Region.

July 16, 1974 -- "San Francisco Your Way" tour program introduced.

August 1, 1974 -- Thomas I. Roberts named Director of Customer Service.

August 30, 1974 -- 1,000,000 Passenger for 1974 honored in Ontario, 45 days earlier than 1973.

September 11, 1974 -- Phillips-Ramsey Agency of San Diego named as agency of record effective October 1, 1974.

# # #



## PACIFIC SOUTHWEST RESPONSES TO AIRLINE QUESTIONNAIRE

1. Q. Describe the history of your firm.
  - A. Attached hereto as Exhibit "A" is a brief summary of PSA's history.
2. Q. What regulatory or other obstacles did you face in trying to obtain approval to fly the routes and charge the fares that you wished to charge?
  - A. (i) Routes. Prior to 1965, there were few restrictions on PSA's inaugurating flights on new routes. The CAB asserted no jurisdiction and the California Public Utilities Commission (CPUC) required little more than notification. However, in 1965, the California Legislature promulgated the Passenger Air Carrier Act ("Act"), which gave all California intrastate air carriers "grandfather rights" to all passenger routes previously flown by them, exempted all air carriers holding a current certificate of public convenience and necessity from the federal government and required that all new California intrastate air routes be inaugurated only after obtaining from the CPUC a certificate of public convenience and necessity authorizing such service. The statute provided for each air carrier desiring to inaugurate new service to file a formal application with the CPUC, provide information showing their capability to initiate and maintain the service and the need for the new service. A hearing was required if there was a formal objection of any party to the application. During the initial period after the adoption of the Act, this process required little time for there were few participants and thus abbreviated hearings. However, more recently, this process has become more involved by reason of the participation of many more intrastate and interstate carriers and environmental groups. Accordingly, route awards, which used to take several months, have been extended to periods of one to two years with some cases dragging out as long as five years before an order is obtained from the CPUC. While the CPUC is charged under the Act with the development of an "orderly, efficient, economical and healthy intrastate passenger air network" for the people of the State of California, this objective has been extremely difficult to fulfill for the CPUC does

not have jurisdiction over CAB certificated air carriers who fly intrastate passengers on intrastate routes. Similarly, the CAB, because of its lack of jurisdiction over intrastate carriers, has been unable to develop such an overall plan even though they also have been charged with such a responsibility. As a result, each regulatory body has tended to ignore the air carriers it does not regulate and protect those that it does. This procedure has resulted in a mixture of monopolies and highly competitive markets without the planning that is required in the charge to both agencies.

(ii) Fares. Fares charged by all intrastate and CAB carriers for air transportation on intrastate routes in California are regulated by the CPUC. The process for increasing such fares requires the filing of an application with the CPUC, public hearing and an order by the CPUC. The CPUC, in past decisions, has declared PSA to be the "rate making carrier" in the principal California intrastate air transportation markets because of its efficiency. As a result, once rate increases are granted to PSA after a full hearing, such increases are awarded to the other air carriers in the market upon their application and an abbreviated hearing, if any hearing is held at all.

One serious problem confronting the carriers is the regulatory lag in granting fare increases during a highly inflationary environment. Fare applications filed with the CPUC by PSA have taken from one to two years to process. Such time lags can be economically fatal to PSA.

The CPUC treatment of fares on a carrier by carrier, application by application basis using the "rate making carrier" concept rather than the market by market approach (industry-wide approach) is short-sighted and results in delays as well as inequities. For example: (a) designating PSA as the "rate making carrier" in the principal California intrastate market is prejudicial to the trunk carriers whose costs are higher; (b) adjusting individual carrier market fares rather than allowing for percentage increases to be applied by all carriers creates confusion and further inequities.

In addition, the CPUC and CAB use different accounting concepts in determining whether to grant or deny fare increases. The CPUC, whose accounting



concepts grew out of its "utility regulatory experience", has failed to allow a deduction for deferred taxes in developing the air carriers "rate of return". This has the affect of reducing the real rate of return for PSA by 50%. The CPUC has also refused to recognize other accounting procedures that the CAB after lengthy study has established for the interstate air carriers in areas such as (i) depreciation methods and useful lives of equipment, (ii) composition of the "rate base" and the treatment of gains on equipment sold by a carrier which are excluded from rate base by the CAB, (iii) "elasticity" in fare setting which is properly recognized by the CAB and ignored by the CPUC, and (iv) standard load factor analysis recognized by the CAB and rejected by the CPUC. The refusal of the CPUC to recognize CAB rate making concepts creates gross distortions and consequent inequities when the CPUC and CAB fare setting policies are compared.

Furthermore, the CPUC uses "future" forecasting to set rate levels as opposed to revising past periods of operation. Its deliberations in determining whether a fare increase is warranted combine a future forecast of revenues with a prohibition against anticipating future cost increases. The result is a highly inaccurate projection, usually substantially overstating income and understating costs. Accordingly, PSA's rate of return has been substantially under that of its major competitors.

The CPUC has also been willing to allow each carrier to fix its fares at any level up to that of the "rate making carrier". Much of the intrastate service offered by CAB carriers is part of interstate service and, thus, the intrastate segments merely add revenues to the primary long haul revenue source. The result is that some CAB regulated carriers have been willing to keep their intrastate fares lower than the "rate making carrier" irrespective of their actual costs. Such policies are extremely damaging to the intrastate carriers operating in a price elastic market whose sole source of revenue is from the intrastate market.

(iii) Dual Regulation. With the CPUC and the CAB asserting varying degrees of jurisdiction over air carriers the following problems have arisen: (1) The inability of either regulatory agency to honor its charge to develop an orderly air transportation system. (2) The use by the CAB of the "hyphenated points" designation which gives a CAB carrier the option of operating certificated routes from any airport defined as a "hyphenated point" in a given geographical area. On the other hand, the CPUC carriers must go

through the full application and hearing process to obtain routes from each and every airport. (3) The use by both regulatory agencies of different accounting concepts and approaches in setting fares which has created inconsistencies and inequities damaging to the carriers and the public. An example is the fundamental approach of the CAB in setting fares on an industry wide basis while the CPUC concentrates on the economics of the most efficient carriers. (4) The federal subsidization of certain competitors of PSA resulting in competitive advantage on routes duplicative with PSA.

- Q. Why did you wish to fly in the markets where you now provide service? Did you propose lower fares? If so, did you believe you could make money in those markets? How? Did you consider fares important? List each airport pair you serve.
- A. PSA's applications for various routes is made only after management has determined that there is a substantial undeveloped market and the existing passenger market is not being adequately served. In every case where service was being provided by CAB carriers PSA proposed lower fares. PSA believes that the air passenger market is price elastic and thus it attempts to provide the lowest possible fares.

PSA pioneered the utilization of satellite airports for commercial air transportation for the purposes of lessening congestion at the major "hub" terminals and providing more convenient access to the travelling public. PSA instituted air service at the following satellite airports in the years shown: 1949 - Burbank, Oakland; 1966 - San Jose; and 1968 - Ontario, Long Beach.

PSA transports more passengers from each of these satellite airports than any other air carrier even though PSA has been subjected to increased competition from both interstate and intrastate air carriers. PSA experienced over two million passenger originations at the above satellite airports, which is double that carried by any other carrier serving California satellite airports.

The airport pairs served by PSA are as follows:

SAN-LAX	LAX-SFO	BUR-SFO	ONT-SFO
SAN-BUR	LAX-OAK	BUR-OAK	ONT-SMF
SAN-ONT	LAX-SJC	BUR-SJC	
SAN-LGB	LAX-SMF	BUR-SMF	FAT-SFO
SAN-FAT	LAX-FAT		FAT-SCK

SAN-SCK	LAX-SCK	LGB-SFO	
SAN-SFO		LGB-SJC	SCK-SFO
SAN-OAK		LGB-OAK	SJC-OAK
SAN-SJC		LGB-SMF	SFO-SMF
SAN-SMF			

4. Q. What fares do you charge in each market? Are you making a profit in each of the markets you serve (specify market by market) (a) on the basis of fully allocated costs? (b) on the basis of direct operating costs (CAB) definition? (c) on the basis of incremental costs? (What do you include in "incremental costs")?
- A. Enclosed is a schedule of PSA's current and past fares (Exhibit "B"). PSA has a pending application for a 10.5% fare increase. (See Exhibit "C" - Fare Increase Application).

A market by market analysis of PSA operating results is not available.

PSA is not making a profit on each of the routes which it serves. The lower density routes generally do not contribute to the overall profitability of PSA. Also, the short segments (such as San Diego/Los Angeles/Long Beach/Ontario, San Francisco/Sacramento, Oakland/Sacramento, San Francisco/Stockton) do not contribute a profit.

Generally on short segment routes revenues do not cover direct operating costs (total costs exclusive of G&A, Depreciation and interest).

With very few exceptions all of PSA's routes cover the incremental cost of providing the service (incremental - flying operations, direct maintenance, passenger service and aircraft servicing).

5. Q. What are your load factors in each market?
- A. Recent origin and destination load factors are proprietary information and are not released. Enclosed is the last public report issued by the CPUC which indicates on board load factors on various segments (Exhibit "D").
6. Q. If your fares were significantly lower than your competitors charged when you entered, and if they are significantly lower than those charged on comparable routes elsewhere in the country, explain in some detail how it is possible for your airline to remain in business.

- A. There are a number of factors that contributed to PSA's past success. First, is PSA's very low overhead combined with its efficiency. PSA has only five top corporate officers, very efficient flight and ground crews, and tight expense controls. Second, PSA offers a basic transportation service, with no frills. PSA serves neither food nor free alcoholic beverages on its flights. Except for PSA's L-1011 aircraft all of PSA's aircraft have neither coat closets nor "carry on" luggage facilities. Third is PSA's high density seating. PSA offers single class service, and since the average passenger's flight requires only one hour, the airline is able to install 115 seats in its 737-200 aircraft and 159 seats in its 727-200, while the L-1011 has 297 seats. Thus, the seating capacity of PSA aircraft are approximately 20% higher than the same aircraft type flown by an interstate airline. Finally, PSA has traditionally offered one basic fare to all with no discounts other than half fare for children 2-12. As a result, PSA's yield per mile is only 2% less than its fare per mile, while the difference between yield and fare on a carrier offering a number of discount plans can easily exceed 10% of revenue.

However, PSA's ability to continue to remain in business is highly dependent on solving the problems relating to fuel and dual regulation. With current proposals to raise fuel taxes, free the price of crude and eliminate the tax incentives for oil companies, airlines are faced with increased fuel costs of \$.15 to \$.20 per gallon. Because of the elasticity of demand to fares the increased passenger fares required to meet such an increased cost of fuel would result in a reduced demand for services. Demand is already severely depressed due to the economy and public reaction to recent fare increases totaling approximately 25% which have been in large part brought about by recent fuel price increases.

The dual regulatory problem as relates to routes and fares and the lack of uniform regulatory control has been previously discussed in our answer to question number 2. This is a very serious problem which has to be resolved if an orderly, efficient, economical and healthy passenger air network is to be developed.

7. Q. Have other airlines serving your markets matched your fares? Which? Are they making money on their service? How can you maintain high load factors if other airlines match your fares?

- A. United Airlines, PSA's primary competitor, has consistently matched PSA's fares. Until very recently, other airlines also generally had fares equal to PSA. Typical segments include Los Angeles/San Francisco (United, TWA, Western); Los Angeles/Oakland (Western); Los Angeles/Sacramento (Western); Los Angeles/Fresno (United); Fresno/San Francisco (United); Ontario/San Francisco (Western); etc.

A new phenomenon appeared in 1974, when PSA was forced to raise its fares on all of its routes to compensate for the increased price of jet fuel. PSA's fares are set by the CPUC, and the interstate carriers have in the past normally raised their intra-California fares to match those of PSA. However, some carriers did not follow PSA and raise their fares. As a result, Delta offers the lowest fare between Los Angeles and San Diego. Airwest, a carrier subsidized by the federal government, is currently offering the lowest fare between Los Angeles and San Francisco, and Continental is offering a lower fare between Burbank and San Jose.

PSA has no current information as to whether or not interstate carriers are making money on their intra-California services. In past route and fare proceedings, United, Western and Airwest have introduced evidence which indicated that they were incurring substantial losses on their intra-California services.

The reason PSA has been able to maintain its high load factor in the face of other airlines matching its fares is attributable to PSA's public identity as an innovative and efficient operator that has brought California citizens low cost commuter service. It should be noted that PSA has found it difficult to maintain its load factor against lower fares.

8. Q. Describe specifically the way in which your low fare service benefits the public.
- A. PSA's low fare structure provides the traveling public with a low economic "entry" fee. A review of the passenger traffic totals shows that the PSA fare structure attracted a large number of passengers who had never previously flown. Approximately ten percent of PSA's current passengers continue to be first time fliers. This benefits the entire airline industry.

Low fares are particularly important to California with its 900 mile length, large population centers with a community of interest and reliance on tourism. The need for such low cost travel and the concomitant benefit to all citizens of California has been verified by the substantial increases in corridor traffic since the introduction of low fares by PSA.

9. Q. Have your low fares led to an increase in the number of passengers? Document this if possible, showing the extent to which lower fares increase demand for service.
- A. It is not possible to assign all traffic increases specifically to low fares, although PSA believes that this is a significant factor. The level of service, type of equipment, departure and arrival times, and many other factors also enter into the equation. Generally speaking, when PSA enters a market, total traffic approximately doubles within 18 months of the initiation of service. A lower fare is always involved, but quite often there is a quantum jump in service, an upgrading of equipment on the route and other attractions as well. Two specific examples are related for the committee's consideration.
1. The most dramatic short term traffic response in PSA's history occurred in the Los Angeles/San Jose market. Pacific Airlines (now part of Airwest) was serving the route (although a number of large interstate carriers had the authority to provide the service) and in 1965 carried 56,000 passengers between the two cities. PSA entered the market on May 19, 1966. For the year 1967, PSA carried 556,919 passengers, for a two year increase of nearly 1,000%.
- Interestingly enough, since that time intrastate carriers have continually expanded service from San Jose to Southern California points. In 1974, San Jose was the destination or point of origin for over 1.5 million passengers to or from Southern California cities. This market was developed completely by the intrastate carriers without outside financial assistance of any kind, while the earlier federal service was performed by Pacific, a subsidized local service carrier.
2. A more typical example involves service between Los Angeles and Sacramento. Prior to PSA's entry, two trunk carriers, Western and United, offered jet service. PSA entered the market in February 1967 with a fare level approximately 25% below the existing fares, and with pure jet service. In 1967, passenger traffic over the route doubled, and Western and United actually carried more passengers than in 1966 despite the competition from PSA.
10. Q. Have you done studies of the elasticity of demand for air travel in your markets? If so, what were the results of those studies?

A. Our economic consultants have performed studies concerning the elasticity of demand. This was particularly important to PSA since it was forced to increase fares dramatically in 1974 due to the greatly increased cost of fuel. These analyses have confirmed that generally a one percent increase in the fare level will result in approximately a 7/10 of one percent decrease in traffic, although the starting point of the increase can substantially alter the size of the increase. This is the guideline currently used by the CAB. PSA has not yet determined how long the impact of the elasticity will be felt, or when traffic will return to more normal growth rates. The current economic downturn has certainly distorted the elasticity of demand. This is particularly true in an airline such as PSA that relies to some extent on personal and discretionary travel.

11. Q. How do you determine the proper fare for a particular city pair? Who, within your organization makes this decision? What studies are made for use in making it? Have you studied the possible effects of increased fare competition on your fares, costs and profits? Describe in detail the studies you have made, and their conclusions.

A. The primary factors considered by PSA in setting the fares for a particular market are based on the relative size of the market, coupled with the distances involved. The larger the size of the market and the longer the route segment -- generally the lower the fare. The larger market and its greater frequencies enable PSA to better use its ground facilities and personnel. The longer route segments mean ground expenses are a smaller percentage of total expenses, therefore, enabling the airline to charge a fare with a lower unit cost per mile. Also, the fare should be one which stimulates traffic growth and thereby allows a level of service convenient to the traveler, especially the commuter who leaves and returns on the same day.

The final decision on fares rests with the Chief Executive Officer who receives information on the matter from other officers.

No studies have been done by PSA on increased fare competition. However, PSA is aware of the practice of interstate carriers such as Delta, Continental and Airwest to offer local California service on a segment of an interstate flight (i.e., Delta's [San Diego/Los Angeles - Atlanta] service) at a fare substantially lower than that offered by the California intrastate

carriers. These interstate carriers naturally advertise their fare advantage which diverts passengers from the established intrastate carriers. The justification for this practice is the availability of a substantial number of seats in a local California market which are a by-product of offering a needed interstate service pattern and the conclusion that a low level of revenue per passenger is better than no revenue at all. This, then, is a classic case of where the overall interstate service subsidizes the intra-California service which has the effect of diverting passengers from the intrastate carriers via the use of an artificially low fare. This same practice is used by United, Western and TWA, but generally without resorting to the lowest fare tactic. They use the competitive factor of a high number of available flights in the local California market. Again, they are able to offer such added service because the California segment is but one part of a longer interstate flight. These interstate carriers then advertise their frequent flights to divert passengers from the California intrastate carriers. Generally, if a competitive fare is lower than PSA's, PSA will meet that fare (within economic reason) and offer service which PSA believes would be superior to its competitors.

Lowering fares can stimulate traffic, but there is a point where the increased number of passengers does not compensate for the revenue lost from reduced fares. PSA has made no study of this matter.

12. Q. Provide a statement of actual and predicted cash flow over the next five years. Provide a statement of projected cash flow over the next five years. What load factors did you assume in arriving at the figures in these statements? How do the figures change assuming load factors of 55%? 60%? 65%? 70%?
  - A. No projections for the next five years are available or have been prepared. Because of the uncertainty of the current economy many unknown factors cloud the usefulness of a long term future projection.
13. Q. What is your depreciation policy for new aircraft? For aircraft purchased second-hand? If you lease aircraft, how many and what types? What are the lease terms? How were these purchases financed? If they were financed by bond sales, list the amounts and dates on which these bonds fell due.



## A. Depreciation policy new aircraft:

727, 737	8 years	40% residual
L-1011	16 years	\$1,000,000 residual

PSA has not purchased any used aircraft.

Aircraft currently leased (long-term):

<u>Description</u>	<u>Quantity</u>	<u>Lease Period</u>	<u>Approximate Annual Rent Per Aircraft</u>
727-200	1	15 years	\$ 585,000
L-1011	2	15 years	\$2,030,000

Leases were financed by the equity owner through insurance company borrowings.

14. Q. What percentage of your costs is accounted for by (a) advertising, (b) other promotion, (c) office rents, (d) wages, (e) executive salaries, (f) fuel. What are your total costs? Are your costs per passenger-mile lower than, equal to, or higher than the industry average? Why?

A. Percentage of total costs (11 months ended November 30, 1974):

Advertising	1.9%
Other promotion	.1%
Office rents	1.8%
Wages (total)	33.4%
Executive salaries (officers)	.6%
Fuel	20.5%
	(current - 22.7%)

Total costs (11 months ended November 30, 1974) - \$109,165,000.

Overall, PSA's costs per passenger-mile are lower than the industry average except as to fuel which is substantially higher due to PSA's short segment length and PSA's fuel cost, which is one of the highest in the nation. PSA's unit costs are low because of the "no-frills" type of service involved as well as the volume

of passengers handled with the minimum number of personnel at all levels. In other words, utilization of facilities and personnel is higher than the average.

15. Q. Enclose a statement of your costs, revenues, gross profits, interest on debt, actual taxes paid, net return to equity, and load factors for your routes, broken down by individual route insofar as possible for each year for the past ten years. (Indicate as well those of your costs and profits that are attributable [a] your charter operations; [b] other non-scheduled airline related activities; and [c] non-airline activities). Include that same information for the nine months ending September 30, 1974.

- A. The information requested is not available for the various route segments serviced by PSA. A copy of PSA's most recent audited financial statements is part of PSA's most recent fare increase application which also indicates PSA's unit costs (Exhibit C).

Charter operations are a very small part of PSA's business.

PSA has a substantial aircraft training program for outside customers. This includes training with the YS-11 as well as the 727 and 737 jet equipment. Simulator training is also conducted.

A wholly-owned subsidiary, Pacific Southwest Airmotive, overhauls jet aircraft engines for PSA and other major airlines. All non-airline operations contribute significantly to total overall profits (in excess of 10%).

16. Q. What airplanes do you fly? Are your wage expenses for pilots, other crew, and ground personnel lower than, equal to, or higher than average wages in the industry? If they are lower, how do you account for this fact?
- A. PSA operates the following types of aircraft: Boeing 727-100, Boeing 727-200, Boeing 737-200, and Lockheed L-1011.

We do not have average wage costs for the industry available for comparison, but we believe that PSA's wage scales for flight personnel are in excess of those for pilots of airlines of comparable size to PSA. PSA flight attendants are the highest paid in the industry and ground personnel wages are comparable to airlines of similar size.

17. Q. Describe your "on time" performance. Is your record better than, similar to, or worse than the industry average? If your record is different, explain why.
- A. PSA does not maintain a day-to-day record of on-time performance. However, in surveys taken on an infrequent basis PSA has always averaged better than a 98% "on time" performance. PSA's operation with its compact route structure, few multiple stop segments, tighter schedules with shorter turn-around times, consecutive closely spaced segments, aircraft scheduling and better flying conditions make it difficult to compare PSA's on time performance to the typical air carrier.
18. Q. Is the weather on the routes you fly better than, similar to or worse than the weather on typical airline routes throughout the country? If the weather is better, to what extent does this fact account for your lower costs and your ability to charge lower fares? Please provide us with written documentation for your answer to this question.
- A. Aside from the winter coastal fogs and the ground fogs in the San Joaquin Valley, the weather is probably better for operations than many other parts of the country, particularly the northeast. In our opinion, however, weather is no longer a significant factor in determining airline fares. Most modern airlines are equipped to operate into airports in all but the most adverse weather conditions.

We believe that congestion on the airways and at airports is a much more significant factor than weather. Southern California has the busiest air space in the United States and the maneuvers and vectoring required to negotiate that air space add substantially to PSA's operating costs. Similarly, congestion at the Los Angeles and San Francisco airports has a definite adverse impact on operating results. For example, at Los Angeles International, PSA's terminal is located on the south side of the airport, adjacent to the two southerly runways. PSA's new L-1011 aircraft are required to use the northerly runways and as a result must taxi approximately three miles to get into position for takeoff on the north runways. Any runway delay must be added to the five minutes of taxi time for each and every L-1011 operation. Airport and airway congestion is a much more serious deterrent to good financial results than the vagaries of the weather, and congestion is endemic throughout the United States. Fortunately, airlines have been reducing their operations, and thus congestion is easing.

19. Q. Are routes you fly denser than, as dense as, less dense than typical airline routes throughout the United States? Is traffic less dense or more dense than the Boston/Washington, Boston/New York, New York/Washington, Chicago/Boston, Chicago/New York, Chicago/Washington routes? To what extent does density of traffic on your routes account for your ability to incur lower costs and charge lower fares than on other routes of similar mileage in other parts of the United States?

A. This question is somewhat difficult to answer since like any airline PSA has route densities that vary from approximately 3,000 passengers per day to 10 passengers per day. The Los Angeles/San Francisco route has approximately the same route density as Boston/New York. No other route segment in California approaches the density of Boston/New York, Chicago/New York, or New York/Washington. PSA has a number of segments that approximate the density of Boston/Washington, as well as several segments similar in density to Chicago/Washington.

The economic impact of the density of the particular route overlooks a very important factor, namely, airport density. For example, under ideal conditions the ground crews, baggage handlers, personnel at check-in counters and gates, etc. will have a steady flow of work throughout their shift and downtime will be kept to a minimum, with the maximum number of passengers being processed regardless of destination. If traffic is cyclical, which is definitely the case with a commuter carrier like PSA, then the optimum balance can never be reached. For example, PSA's terminals at Los Angeles and San Francisco are subject to constant peaking problems with inherent reduced employee productivity, while Oakland, Burbank and San Diego (with about 1.0 million passengers each) are more productive from an employee standpoint. At the other end of the scale, Fresno, Stockton, Long Beach and Ontario are underutilized from a productivity standpoint.

In the commuter airline business, a good operation can be based on a route density of approximately 200,000 passengers per year. Commuter type operations can be sustained on as little as 100,000 passengers per year. It is difficult to operate commuter service in markets with less than 100,000 passengers unless tied to other segments. Of the 32 route segments currently flown by PSA, 17 generate less than 100,000 passengers per year, and 12 of these account for under 50,000 passengers per year.

Route segment distance is also an important economic factor in providing low fares. Aircraft economics improve dramatically with distance, and the recent dramatic rise in fuel costs has made distance an even more important factor. PSA's average route segment is less than half that of the trunk airlines, with its longest segment on a daily basis San Diego/San Francisco, a distance of 462 miles. Ideally, PSA must increase its average segment length in order to maintain its attractive fare structure.

20. Q. Please describe your safety record. Please contrast this record with safety records of the interstate carriers and explain any differences.
- A. PSA has a perfect safety record with no fatalities in over 25 years of scheduled service. PSA has the best safety record of any carrier in the United States and, possibly, the world. A majority of airline incidents occur during the landing and takeoff procedure. PSA's pilots record more takeoffs and landings per flight hour than any other scheduled airline pilot group in the United States. Therefore, PSA's pilots are exhaustively trained and checked due to the demanding type of airline operation conducted by PSA. Such training coupled with highly qualified personnel has resulted in the outstanding record.
21. Q. Please identify any CAB procedures or activities that significantly affect your interstate operations.
- A. The question refers to interstate operations. We assume that the question was intended to refer to the affect on our "intrastate operations".

Intrastate. More than 75% of PSA's business is generated between Los Angeles/Burbank in Southern California and San Francisco/Oakland/San Jose in Northern California. Intensive competition is currently offered by the interstate carriers between Los Angeles International and San Francisco International Airports. Under present CAB "hyphenated points" authority, interstate carriers serving Los Angeles International Airport by filing an "airport notice" can serve Burbank and Ontario and carriers serving San Francisco in the north can serve Oakland and San Jose. All that is required is the 30 day notice and entry is allowed without hearing. This procedure allows interstate air carriers to enter these markets without any showing of need for the service and could severely injure intrastate carriers who have no regulatory remedy to protect themselves.

Interstate. PSA's route network is now extensive enough that it could provide a substantial feeder service from smaller cities in California to the major terminals at Los Angeles and San Francisco. In 1970, PSA requested the CAB to grant it temporary authority under section 416(b) of the Federal Aviation Act to enter interline agreements with CAB certificated carriers. PSA felt that its inability to coordinate ticketing and baggage with interstate carriers and thus, provide an added convenience to passengers wishing to use PSA's existing flights for a part of an interstate journey, was clearly an economic waste. PSA's request was supported by a number of communities and CAB certificated carriers. The CAB, however, in August, 1971, denied PSA's application. The CAB gave the following reasons for the denial of PSA's application: (1) that the benefits of PSA's proposal did not appear to it to be "overriding", (2) that there was diversionary potential which the CAB viewed as "significant" in view of "current conditions of economic stringency", and (3) that the issues involved were too "complex" to be resolved under the exemption process provided for by Section 416(b) of the Federal Aviation Act. (CAB Order 71-8-57, August 12, 1971).

The other method of obtaining for the public the benefits of "interlining" with certificated carriers (aside from an exemption application of the type that the CAB rejected) would, under present legislation, be an application for a CAB certificate under Section 401 of the Federal Aviation Act. Such an application could be limited to seeking authority to serve interstate passengers only on routes in California already served by PSA. While enabling PSA to provide the benefits of "interlining" traffic, such certificate authority would subject PSA to complete regulation by the CAB to the maximum extent of the CAB's jurisdiction and to continuing rate regulation by the CPUC to the maximum extent of the CPUC's rate jurisdiction of federally certificated air carriers. In other words, the dual regulation problems discussed in the answer to Question 2, above, would continue.

PSA has in the past sought interstate routes extending beyond the boundaries of California in order to improve stage length and obtain access to additional revenues. In 1967, PSA requested that the CAB hear its application for authority between PSA's California service points and Portland and Seattle, in an effort to extend its intrastate services northward. The CAB ruled that

it would hear, comparatively with the applications of other airlines, that part of PSA's application that requested authority between California and the Pacific Northwest, but not that part of the application that sought turnaround authority between California points already served by PSA pursuant to a certificate from the CPUC. This ruling in effect would have required PSA to either relinquish its intrastate services or operate two completely separate airlines, one interstate and one intrastate upon the award of an interstate route. After considering the ramifications of being placed in such a position, PSA withdrew from the case.

PSA today believes that making its existing services available to interlining interstate passengers is an urgent necessity. The importance of this goal is enhanced by the current fuel problem and the economic slump, since inefficiencies deemed tolerable in the past are no longer even arguably tolerable today.

The best and most complete solution to this problem would be legislative in nature. This would consist of the passage of an amendment to the Federal Aviation Act providing that intrastate airline services with large aircraft in markets authorized to CAB certificated carriers shall be considered "air transportation," the provision of which and fares for which shall be regulated exclusively at the federal level. Such an amendment would include a "Grandfather" provision permitting such carriers as PSA to secure CAB certificates by virtue of their historic intrastate services. Such a legislative approach represents the best and most complete cure for wastefulness of the present complete isolation between intrastate carriers such as PSA and the national air transportation network. At the same time, it is the only approach that would satisfactorily resolve the many confusing and unjustifiable inconsistencies and conflicts of dual state-federal regulation simultaneously over the same routes. We will be happy to submit to you a specimen of legislation which, in our view, would accomplish this important twofold reform.

In matters of minor economic significance and those strictly technical in nature, the CAB has pursued an enlightened and flexible policy toward PSA. It has exempted PSA to fly beyond the three-mile limit where necessary in order to comply with FAA clearances for safety reasons. Technically, such operations would otherwise require a CAB certificate. The CAB has also, by exemption, permitted the Postmaster General

to use a specially designed service by PSA, called the Midnight Flyer, to transport mail between San Diego, Los Angeles and Sacramento. PSA undertook this service in 1969 in response to urgent requests by the Postmaster General following notification by the existing CAB carrier that it was terminating its mail schedule, and the failure of all CAB certificated carriers to offer a suitable replacement schedule in response to the Postmaster General's requests. Under successive renewals of CAB exemption authority, PSA has been able to provide this service to the complete satisfaction of the Postal Service without interruption for over five years.

The CAB has also given technical clearances and transfers necessary, by virtue of the mail and three-mile limit exemptions, to accomplish PSA's recent holding-company reorganization.

22. Q. Please describe any litigation that significantly affects your interstate operations.
  - A. Major litigation which affects PSA's intrastate operation is limited to various noise abatement suits brought by homeowners and other interested parties against all airlines serving airports neighboring the homeowners.
23. Q. Please describe the nature of any state regulation to which you are subject. How much do you spend each year in fees and other costs related to any such regulatory proceedings?
  - A. PSA is regulated by the CPUC as to routes and fares. Please see response to Question 2 for a description of the regulatory procedures. Current annual expenses as regards the regulatory process approximates \$250,000 per year for attorneys and consultants. PSA has no regulatory department. Regulatory matters are handled by the Finance Department.
24. Q. Would you expand into interstate or international markets if there were no CAB regulations on entry? If so, where?
  - A. There are no major commuter markets left in California for PSA to fly other than Orange County where Air California has a monopoly of the market. Therefore, PSA must look outside the State of California for future expansion. Logical, closely situated interstate markets which might fit the PSA pattern of service (but which would have to be more fully considered) are as follows:

Major California markets to: Las Vegas, Phoenix, Seattle, Portland, Tucson, Denver.



While PSA would like to enter some or all these interstate markets, we do not advocate uncontrolled entry. Our views on this question are of course, influenced by the first part of our answer to Question 21, above. Under a controlled entry regime, we believe that the same standards should be applied to measure PSA's qualifications for an interstate route as would be applied to a CAB certificated carrier. Should "free entry" become federal government policy, we feel that PSA should have as ready access to interstate markets as the CAB certificated carriers already have to California intrastate "hyphenated point" markets, as is indicated in our answer to Question 21. The points made in that answer, however, indicate to us that "free entry" is probably adverse to the public interest because of the potential encouragement of predatory monopolistic practices of the type therein described.

25. Q. List your fuel costs, in absolute terms, and as a percentage of your total costs, for 1972, 1973, 1974 and projected for 1975. What has been the increase in cost per gallon during this period?

A.	<u>Fuel Cost</u>	<u>% of Total Costs</u>	<u>Average Cost Per Gallon (end of period)</u>	<u>% Increase</u>
	1972 \$13,185,000	14.7%	12.8¢	
	1973 14,396,000	14.0%	14.4¢	12.5%
	1974			
(11 months)	21,214,000	20.5%	31.2¢	116.7%
	1975			
(projected)	47,000,000	29.4%	46.0¢*	47.4%

\*With \$2 tax per barrel, freeing the price of "old crude" and elimination of oil company tax benefits.

26. Q. How would any of the above answers differ if you were fully subject to CAB regulation?
- A. If we became fully subject to CAB regulation, under Section 401 of the Federal Aviation Act as it stands today, we would still be regulated by the CPUC as to fares in California. Our costs would be about the same except for some reporting expense. Our revenues would definitely be larger due to the capability of being able to interline passengers with other carriers and regularly carry the U.S. Mail. In addition, PSA would have the opportunity to apply for other routes outside

the State of California which would thereby spread PSA's overhead and reduce the impact of fare increases which have been quite necessary.

If we became fully subject to CAB regulation through a legislative process of the type outlined above in our answer to Question 21, we would no longer be regulated by the CPUC as to fares in California and the inconsistencies and discriminatory aspects of dual regulation in this regard as described in our answer to Question 2 above, would be eliminated. The absence of dual regulation as to fares would doubtless eliminate some of the reporting expense we presently incur. In addition to these regulatory and cost advantages, all the public benefits and other advantages described in the preceding paragraph would be realized for PSA. PSA's competitors, similarly, would benefit by being permitted to revert to a single fare level for like services between California points, a problem that has drawn the attention of Ralph Nader's organization.

27. Q. How many people do you employ in positions related to airline activities? How many departures, passenger emplanements, aircraft-miles, aircraft-hours, RPM's and ASM's did you accomplish in the last 12 months period?

A. Airline employees (including security guards) - 2,655

Statistics Year Ending December 31, 1974 (Strike affected January - April):

Departures	80,200
Passenger emplanements	6,388,000
Aircraft miles	
(scheduled service)	20,818,000
Aircraft hours	
(scheduled service)	55,000

28. Q. What is your total number of hours delayed each year by airport or air traffic congestion? Your average delay per flight from these causes? The median delay? Ratio of block hours to flying hours?

A. PSA does not keep a record of air traffic congestion (ATC) average delays, however, of all the delays encountered, ATC accounts for about 70% to 80%. PSA does not maintain a breakdown of block hours vs. flying hours, but the last survey indicated that block hours averaged 122% of flying hours.

LIST OF EXHIBITSExhibit

- A. Pamphlet - "Low Fare Magic - Twenty-Five Years of Continuing Success for Pacific Southwest Airlines"
- B. PSA's Table of Fares - 1949-1975
- C. PSA's request for fare increase - CPUC Application No. 55160
- D. CPUC Report Form 1504

[Exhibit C is omitted. It is on file with the California Public Utilities Commission.]



seven acres of land north of San Diego. It replaced PSA's Lindbergh Field engine shop. The new complex is equipped to overhaul the JTD engine, used on all PSA Boeing aircraft, and the Rolls-Royce RB211 engine which is used on the Lockheed L-1011.

The same kind of expansion is true in PSA's aircraft leasing program. For example, when the airline began phasing out its smaller 100 series of the Boeing 727 in favor of the larger 200 series, it found that there were few markets in which to sell the aircraft. Further investigation revealed that many smaller countries just entering the jet age and unable to buy aircraft outright were willing to lease them.

Thus, the leasing program proved beneficial for several reasons. Airlines unable to purchase jets were still able to incorporate the equipment into their systems; a market for the aircraft was established and manufacturers of replacement parts also benefited from the

continued use of the older jets. One of the prime reasons for PSA's success in its leasing program is

Early in 1972, ground was broken for the 350-room PSA Hotel Hollywood Park near the Hollywood Turf Club. Construction of the \$6 million, 10-story structure was completed in time for a May, 1973 opening.

Located at the corner of 90th Street and Prairie Avenue in Inglewood, the hotel is adjacent to both the race track and the Forum. More than 5 million sports fans are attracted to the events at both of these facilities every year.

A \$2 million renovation project at the PSA Hotel San Francisco, across the street from the Bay City Civic Center, was completed and the 430-room, newly decorated hotel is now in operation and filling the bill for conventioners, businessmen and tourists without losing the "old San Francisco" charm of the hotel surroundings.

The PSA Hotel Queen Mary officially opened its doors in January, 1973. Permanently berthed in Long Beach Harbor, the Queen Mary is a virtual floating city with 400 suites and state rooms occupying three decks of the famous luxury liner.

During the latter part of 1972 the 200-room, 10-story high-rise tower was completed at the PSA Hotel Blandia. Together with the existing 100 rooms, the new addition provides one of the

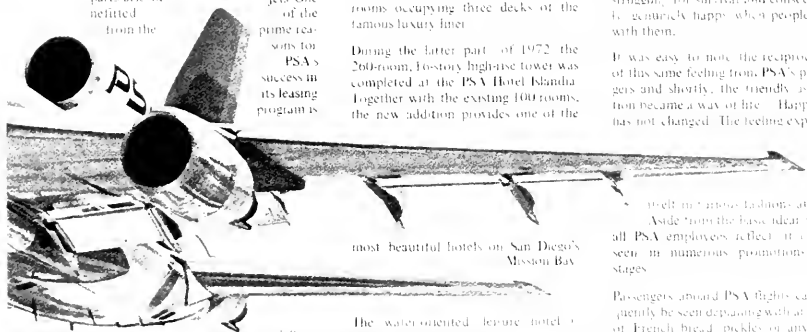
Offering the ultimate in computer-operated, easy-listening music, PSA's radio stations reflect the innovative outlook of the airline.

The success of this venture is already being manifested as all four stations are becoming household names in their areas of operation. Taking the rapid success of FM broadcasting and incorporating it into a successful operation, PSA demonstrates the foresighted outlook of the airline and its executives.

At the 1972 annual meeting, PSA's shareholders approved the reorganization of the company into a holding company, PSA, Inc. The reorganization took place on February 28, 1973, enabling the company to have more flexible and economical financial arrangements in its various diversified operating companies.

For high-altitude successful development, PSA has not often its basic creed being a fun-to-fly airline. This outlook developed well in the airline was young, struggling, too small and consequently, a "lucky" happy when people flew with them.

It was easy to note the reorganization of this same feeling from PSA's passengers and shortly, the friendly association became a way of life. Happily, it has not changed. The feeling expresses



most beautiful hotels on San Diego's Mission Bay.

its follow-up action.

As part of the program the airline offers qualified on-call mechanics, technical training and information as well as spare engines or parts as needed, lending PSA's experience to see that fledgling airlines have a greater insurance of success.

A further extension of PSA's diversification program is the entry into the hotel and broadcasting fields. The hotels are an integral part of PSA's "Fly-Drive-Sleep" program developed to provide travelers with one-call service. One call to PSA reservations does it all — PSA flight, Hertz rental car and hotel accommodations.

The water-oriented leisure hotel is equipped with a new Marlin Club, a 250-slip marina and complete sport fishing facilities highlighted by two 70-foot catamaran sportfishers and a 48-foot luxury cruiser.

In early 1974, PSA executed a management agreement with the Hatt Hotel Corporation under which Hatt operates all of the PSA hotels with the exception of the San Francisco.

PSA's entry into the broadcasting field was accomplished by acquiring four stereo FM radio stations in the greater metropolitan areas served by the airline. They are KLTZ in San Diego, KEZM in Los Angeles, KLTZ in San Jose and KLTZ in Sacramento.

Aside from the basic idea which all PSA employees reflect, it can be seen in numerous promotions PSA stages.

Passengers around PSA flights can frequently be seen departing with armfuls of French bread, pickles or any of a number of "fun-loving" gifts received at a winner of "lucky-seat" in-flight contest.

Painting smiles on all PSA jets is yet another way the airline puts the fun back into flying. PSA realized that the aircraft it operates are symbolic of all that the airline is so they should not only reflect the ideas of fun, but by sporty, infectious grins. The public reaction to this move was overwhelming and supports PSA's belief that people still like to have fun.

Not all of PSA's promotions are fun-loving, however, as the airline has maintained its role as a civic-minded organization through the years. PSA annually

provides charity scenic flights to such organizations as Muscular Dystrophy, Multiple Sclerosis, Boy Scouts and other deserving organizations. The airline feels this is a small way to repay the people of California without whose business they would not exist.

The success of PSA is undeniable. Equally undeniable is the fact that J. Floyd Andrews, Chief Executive Officer and Chairman of the Board, is the man singularly most responsible for this success.

In his lifetime, Andy (as he likes to be called) has known no other employer than PSA and in payment for the livelihood, PSA has given him, he has helped to elevate the airline to its present stature.

Andy took the helm of PSA in 1962, following the death of founder Kenneth Friedman. While PSA was already on the road to success, his emergence to the presidency acted as a catalyst to the rising young company.

Under Andrew's leadership, the airline entered the jet age, became listed on the New York Stock Exchange, began its pilot training program, its aircraft leasing companies, its "Fly Drive-Sleep" program, its radio stations, its \$5 million office hangar complex and the list goes on.

It was under Andrews also that PSA inaugurated the four-day work week concept for its employees and became the first airline in the country to modify its jet engines rendering them virtually smoke-free. Andrews feels that

these two moves are a part of PSA's commitment to both its employees and the people of California.

"It gave me great personal pleasure to make the announcements regarding both, the four-day work week for our employees and the completion of our jet engine modification program," he said.

"Both were made with an awareness of changing lifestyles and concerns of people today. With all the beautiful countryside in California, it's only fair to allow our people as much time as possible to enjoy them, only right that we do everything we can to keep this state as beautiful as possible, not only for our employees but for everyone," Andrews said.

PSA was also responsible for inaugurating noise-abatement procedures at its urban airports, another step in the airline's continued role as a concerned citizen. While the steps are basically simple in execution, they represent long hours of research and testing on PSA's computer operated flight simulators and finally approval by the FAA for operational use. The success of the program is substantiated by countless letters of thanks from local residents, commendations by civic groups and eventual duplication by other airlines.

In February, 1973, Andrews was elected to the position of Chief Executive Officer and Chairman of the Board of Directors. The Board named William R. Shump, who flew as a pilot for the airline until assuming administrative duties as Vice President of Flight and

later, Executive Vice President, as the third President in the company's history.

Eleanor Gluthero, the company's Treasurer, enjoys the distinction of being the first employee registered. Pilots Gordon Tinker, Leo Leonard and Don Stevenson, to name a few, have been flying for PSA since the first days of operation.

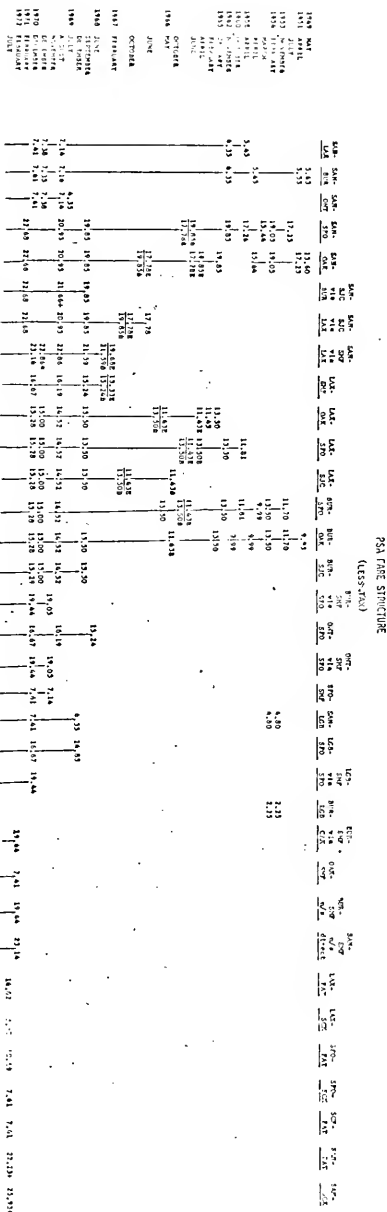
The presence of these individuals insures that the airline will not forget its heritage or how it achieved the stature it presently enjoys.

Still, in all, it is the work-a-day men and women of PSA who reflect the airline to its passengers and in recognition of their efforts and performance, Andrews cited them with a plaque erected on the office/hangar building when it was completed.

The plaque commemorated PSA employees past and present for the job they have done and are continuing to do. Their single-minded determination to achieve excellence coupled with a flair for enjoying what they do is the very lifeblood of PSA.

There are no hard and fast answers to the whys of PSA's tremendous success record. Perhaps it can be found in the guidance of one man, perhaps in a creed and the employees who support it, but whatever the reason, it exists and will continue to exist, grow and nurture as long as the company realizes that it has a commitment to offer the ultimate in airline service at the lowest of fares.





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		Full	Child	Full	Child	Full	Child	Full	Child	Full	Child	Full	Child	Full	Child	Full	Child
LAW/LA/INR-OUT .....		8.37	4.37	8.37	4.37	8.50	4.50	8.75	4.55	9.00	4.75	11.00	5.75	11.40	5.95	10.75	5.51
LAW/INR-OUT .....		16.87	8.02	17.87	9.12	18.00	9.25	18.25	9.35	18.25	9.65	20.00	10.25	20.75	10.65	20.75	10.75
LAW/INR-OUT-SEC .....		21.37	10.87	22.37	11.37	22.50	11.50	22.75	11.65	23.00	11.75	25.00	12.75	26.75	14.01	26.55	14.11
LAW/INR-OUT-SEC-VIA SFO .....		22.37	12.87	23.37	13.37	23.50	13.50	23.75	13.65	24.00	13.88	25.00	14.37	26.75	14.01	26.55	14.11
LAW/INR-OUT-SEC-VIA SFO .....		16.57	8.37	16.37	8.37	16.50	8.50	16.75	8.65	17.00	8.75	18.25	9.87	19.50	10.23	17.55	10.75
LAW/INR-OUT-SEC-VIA SFO .....		21.37	10.37	20.37	10.37	20.50	10.50	20.75	10.65	21.00	10.75	22.00	10.85	23.00	11.00	23.00	11.00
LAW/INR-OUT-SEC-VIA SFO .....		24.87	12.61	25.87	13.12	26.00	13.25	26.25	13.37	26.50	13.63	27.75	14.13	28.00	14.45	28.00	14.45
LAW/INR-OUT-SEC-VIA SFO .....		16.87/8.02	8.02/4.00	17.87/8.00	9.12/4.00	18.00/8.00	9.25/4.00	18.25/8.15	9.35/4.13	18.25/8.50	9.65/4.13	20.00/10.50	10.25/5.26	20.75/10.80	10.65/5.45	20.75/10.75	10.75/5.26
LAW/INR-OUT-SEC-VIA SFO .....		16.37	9.37	19.37	9.87	19.50	10.00	19.75	10.12	20.25	10.35	21.75	11.12	22.66	11.55	22.66	11.55
LAW/INR-OUT-SEC-VIA SFO .....		16.37	9.37	19.37	9.87	19.50	10.00	19.75	10.12	20.25	10.35	21.75	11.12	22.66	11.55	22.66	11.55
LAW/INR-OUT-SEC-VIA SFO .....		11.37	5.87	11.37	5.87	11.50	6.00	11.75	6.13	12.00	6.25	13.15	6.88	13.75	7.15	13.75	7.15
LAW/INR-OUT-SEC-VIA SFO .....		8.37	4.37	8.37	4.37	8.50	4.50	8.75	4.63	9.00	4.75	11.00	5.75	11.40	5.95	10.75	5.51
LAW/INR-OUT-SEC-VIA SFO .....		8.37	4.37	8.37	4.37	8.50	4.50	8.75	4.63	9.00	4.75	11.00	5.75	11.40	5.95	10.75	5.51
LAW/INR-OUT-SEC-VIA SFO .....		24.37	12.37	24.37	12.37	24.50	12.50	24.75	12.63	25.00	12.88	27.50	14.00	28.50	14.55	28.50	14.55
LAW/INR-OUT-SEC-VIA SFO .....		26.37	14.37	26.37	14.37	26.50	14.50	26.75	14.63	27.00	14.88	29.50	15.00	30.50	15.55	30.50	15.55
LAW/INR-OUT-SEC-VIA SFO .....		11.37/8.00	5.87/4.00	11.37/8.00	5.87/4.00	11.50/8.00	6.00/4.00	11.75/8.15	6.13/4.13	12.00/8.50	6.25/4.13	13.15/10.50	6.88/5.26	13.75/10.80	7.15/5.45	13.75/10.75	7.15/5.26
LAW/INR-OUT-SEC-VIA SFO .....		8.37/8.00	4.37/4.00	8.37/8.00	4.37/4.00	8.50/8.00	4.50/4.00	8.75/8.15	4.63/4.13	9.00/8.50	4.75/4.13	11.00/10.50	5.75/5.26	11.40/10.80	5.95/5.45	10.75/10.75	5.51/5.26

5/21/73 - Security Surcharge 37  
 9/5/73 - Rate Increase 37  
 12/19/73 - Security Surcharge 50R (13% Increase)  
 1/4/74 - Rate Increase 37  
 2/1/74 - Rate Increase 37  
 6/3/74 - Rate Increase 37



EXHIBIT D

CALIFORNIA PUBLIC UTILITIES COMMISSION  
TRANSPORTATION DIVISION

PASSENGER OPERATIONS BRANCH  
AIR PASSENGER ENGINEERING SECTION

FORM 1504 REPORT

PASSENGERS ON BOARD AND LOAD FACTORS  
FOR SCHEDULED AIR CARRIERS ON NONSTOP FLIGHTS  
BETWEEN CALIFORNIA AIRPORTS  
MARCH 31, 1973 AND 1974

(Revised)

California Public Utilities  
Commission  
Transportation Division

PASSENGERS ON BOARD AND LOAD FACTORS  
FOR SCHEDULED AIR CARRIERS ON NONSTOP FLIGHTS  
BETWEEN CALIFORNIA AIRPORTS  
QUARTERS ENDED MARCH 31, 1973 AND 1974

1504.33

Sheet 1 of 7

Line:	Between	Air	Carrier	1973		1974		Quarterly		
No.:	Between	Air	Carrier	Perfs.:	Seats	First Quarter	Change %	Perfs.:	Seats	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Los Angeles - San Francisco Metropolitan Areas										
1	LAX-SFO	PSA (1)	264,056	451,750	58	296,878	440,598	67	12.4	
2	LAX-SFO	RW (2) (3)	16,873	43,193	36	17,968	35,747	50	6.5	
3	LAX-SFO	TWA	61,108	185,998	32	81,579	222,930	37	33.5	
4	LAX-SFO	UA	175,114	308,688	57	188,704	253,914	74	7.8	
5	LAX-SFO	WA	105,520	216,948	46	102,405	159,096	64	-3.0	
6	LAX-SJC	PSA (1)	159,421	293,134	52	164,008	245,644	67	2.9	
7	LAX-OAK	PSA (1)	172,792	275,744	63	194,767	282,798	69	-16.2	
8	LAX-OAK	WA	19,208	42,281	46	19,398	34,669	56	2.6	
9	BUR-SFO	PSA (1)	116,719	179,290	65	131,776	207,958	63	1.0	
10	BUR-SJC	PSA (1)	89,124	195,466	46	87,404	160,538	54	12.9	
11	BUR-SJC	CO	11,094	30,693	36	16,384	33,356	49	-1.9	
12	BUR-OAK	PSA (1)	67,366	185,152	36	58,184	163,050	36	47.7	
13	LGB-SFO	WA (4)	12,350	33,521	37	-	-	-	8.7	
14	LGB-SFO	PSA (1)	41,875	86,272	46	34,164	66,968	51	-11.9	
15	OIT-SFO	PSA (1)	49,917	87,864	57	35,258	68,294	52	-	
16	OIT-SFO	WA	29,442	50,259	59	39,705	52,856	75	-22.4	
17	OIT-SFO	ACL	35,684	56,888	62	42,793	54,625	72	-22.3	
18	SNA-SFO	ACL	67,711	111,864	61	81,639	108,355	75	-4.0	
19	SNA-SJC	ACL	125,552	173,540	72	125,239	156,134	80	19.9	
20	SNA-OAK	ACL	1,161	1,627	68	12,109	16,209	74	-3.1	
Total				1,622,087	3,010,232	54	1,730,362	2,763,739	63	-10.0
										860.8
										943.0
										- 3.2

(1) PSA strike schedule continued from November 15, 1973 through January 24, 1974.

(2) RM LAX-SFO nonstop service began September 1, 1972.

(3) RM strike December 15, 1971 through March 13, 1972.

(4) WA LGB-SFO service discontinued October 28, 1975.

(Revised)

California Public Utilities  
Commission  
Transportation Division

PASSENGERS ON BOARD AND LOAD FACTORS  
FOR SCHEDULED AIR CARRIERS ON NONSTOP FLIGHTS  
BETWEEN CALIFORNIA AIRPORTS  
QUARTERS ENDED MARCH 31, 1973 AND 1974

1504.33  
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Line:	City:	Air Carrier:	1973			1974			Quarterly Change %			
No.:	Between:	Carrier:	Pages:	Seats:	L.F.-%:	Pages:	Seats:	L.F.-%:	Pages:	Seats:		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
Los Angeles - Sacramento Metropolitan Areas												
21	LAX-SAN	PSA (1)	99,082	215,800	46	116,726	181,194	64	17.8	-16.0		
22	LAX-SMF	UA (5)	33,118	58,606	39	-	-	-	-	-		
23	LAX-SMF	WA	53,223	84,573	63	51,450	62,473	82	-3.3	-26.1		
24	ONT-SMF	WA	10,534	16,625	63	11,992	15,390	78	13.8	-7.4		
25	BUR-SMF	PSA (1) (6)	8,148	19,982	41	323	790	41	-96.0	-96.0		
26	SNA-SMF	ACL	11,056	16,447	67	24,278	32,688	74	119.6	98.7		
Total			205,161	412,033	50	204,769	292,535	70	-0.2	-29.0		
(5) UA LAX-SMF nonstop service discontinued June 1, 1973.												
(6) PSA BUR-SMF no data reported after January 1974.												
Los Angeles - San Diego Metropolitan Areas												
27	LAX-SAN	AA	71,412	231,532	31	73,110	148,385	49	2.4	-35.9		
28	LAX-SAN	DA	44,643	123,939	36	67,659	139,199	49	51.6	12.3		
29	LAX-SAN	NA	22,201	77,384	29	18,029	74,290	24	-18.8	-4.9		
30	LAX-SAN	PSA (1)	210,599	435,884	48	223,379	326,030	68	6.1	-25.2		
31	LAX-SAN	UA	53,112	107,373	49	65,066	92,162	71	22.5	-14.2		
32	LAX-SAN	WA	54,663	106,286	51	58,693	93,902	63	7.4	-11.7		
33	LAX-SAN	RW (3) (7)	-	-	-	4,395	16,682	26	-	-		
34	BUR-SAN	PSA (1)	81,433	164,046	50	90,171	148,328	61	10.7	-9.6		
35	SNA-SAN	RW (3)	7,842	26,471	30	1,780	4,963	36	-77.3	-81.5		
36	SNA-SAN	ACL	22,133	90,582	24	25,144	65,549	38	13.6	-27.6		
37	LGB-SAN	PSA (1)	4,889	19,952	25	-	-	-	-	-		
38	ONT-SAN	PSA (1)	9,016	46,328	19	83	270	31	-99.1	-99.4		
Total			581,943	1,429,777	41	627,509	1,109,760	57	7.8	-22.4		

(5) UA LAX-SMF nonstop service discontinued June 1, 1973.

(6) PSA BUR-SMF no data reported after January 1974.

(7) RW LAX-SAN nonstop service began January 1974.





			Twelve Months Ended March 31				Yearly		
Line:	Air		1973		1974		Change %		
No.:	Carrier		Pers.	Seats	Pers.	Seats	Pers.	Seats	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Los Angeles - Sacramento Metropolitan Areas									
21	LAX-SNF	PSA (1)	421,246	875,990	48	460,106	792,240	58	9.2
22	LAX-SNF	UA (5)	103,784	238,753	43	18,669	41,176	45	-82.0
23	LAX-SNF	WA	218,112	335,448	65	268,780	353,736	76	23.2
24	ONT-SNF	WA	43,999	68,590	64	48,674	66,930	73	10.6
25	BUR-SNF	PSA (1) (6)	32,778	81,608	40	26,716	54,456	49	-18.5
26	SNA-SNF	ACL	41,060	63,754	64	92,132	124,761	74	124.4
Total			860,979	1,664,143	52	915,077	1,433,299	64	6.3
									-13.9

(5) UA LAX-SNF nonstop service discontinued June 1, 1973.

(6) PSA BUR-SNF no data reported after January 1974.

Los Angeles - San Diego Metropolitan Areas

27 LAX-SAN	AA	286,050	810,183	35	293,173	894,761	33	2.5	10.4
28 LAX-SAN	DA	198,766	518,829	38	232,802	588,954	40	17.1	13.5
29 LAX-SAN	WA	87,204	241,090	36	71,612	287,335	25	-17.9	19.2
30 LAX-SAN	PSA (1)	852,060	1,759,282	48	899,998	1,666,510	54	5.6	-5.3
31 LAX-SAN	UA	222,090	411,321	54	272,097	457,597	59	22.5	11.3
32 LAX-SAN	WA	227,930	432,396	53	232,570	408,076	57	2.0	-5.6
33 BUR-SAN	RW (3) (7)	-	-	-	4,395	16,682	26	-	-
34 BUR-SAN	PSA (1)	358,808	729,336	49	354,959	659,912	54	-1.1	-9.5
35 SNA-SAN	RW	24,377	84,431	29	15,683	51,679	30	-35.7	-38.8
36 SNA-SAN	ACL	86,208	351,024	25	100,046	338,318	30	16.1	-3.6
37 LGB-SAN	PSA (1)	22,111	81,962	27	14,548	49,304	30	-34.2	-39.8
38 ONT-SAN	PSA (1)	37,123	190,066	20	26,818	117,968	23	-27.8	-37.9
Total		2,402,727	5,609,920	43	2,518,701	5,537,096	45	4.8	-1.3

(7) RW LAX-SAN nonstop service began January 1974.

(Revised)  
California Public Utilities  
Commission  
Transportation Division

PASSENGERS ON BOARD AND LOAD FACTORS  
FOR SCHEDULED AIR CARRIERS ON HOPKINSON FLIGHTS  
BETWEEN CALIFORNIA AIRPORTS  
TWELVE MONTHS ENDED MARCH 31, 1973 AND 1974

1504.33  
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Line: No.	Metreun	Air Carrier	Twelve Months Ended March 31				Yearly Change %	
			1973	1974	Passrs.	Seats	Passrs.	Seats
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
								(10)
San Francisco - San Diego Metropolitan Areas								
39	SAN-SFO	PSA (1)	313,869	586,264	54	327,228	551,940	4.3
40	SAN-OAK	PSA (1)	27,991	43,560	64	49,025	71,984	75.1
41	SAN-SJC	ACL	14,460	34,042	42	23,386	46,545	61.7
Total			356,326	663,866	54	399,639	670,469	12.2
San Francisco - Sacramento Metropolitan Areas								
42	SFO-SMF	PSA (1)	196,022	511,686	33	181,523	421,210	-7.4
43	SFO-SST	RW (2)	90,654	179,213	51	112,015	198,467	23.6
44	SFO-SMF	UA	90,022	316,438	28	103,440	334,196	14.9
45	OAK-SMF	PSA (1)	27,736	84,592	33	16,016	53,190	-42.3
46	SJC-SMF	ACL	86,341	175,387	49	92,154	169,429	6.7
Total			490,775	1,267,316	33	505,148	1,176,492	2.9

The Los Angeles Metropolitan Area includes Los Angeles, Burbank, Long Beach, Ontario and Santa Ana.

The San Francisco Metropolitan Area includes San Francisco, Oakland and San Jose.

ABBREVIATIONS

AIRLINES

AA	-	American
ACL	-	Air California
CO	-	Continental
DA	-	Delta
PSA	-	Pacific Southwest
RW	-	Hughes Airwest
TW	-	Trans World
UA	-	United
WA	-	Western
NA	-	National

AIRPORTS

BUR	-	Burbank
LAX	-	Los Angeles Int.
LGB	-	Long Beach
OAK	-	Oakland Int.
ONT	-	Ontario
SAN	-	San Diego Int.
SFO	-	San Francisco Int.
SJC	-	San Jose
SNA	-	Santa Ana
SMF	-	Sacramento

Load Factor - Passenger miles divided by available seat miles.

On-Board Passengers - Through and local passengers aboard aircraft operating nonstop between designated airports.

Source - Load Factor Report No. 1503 submitted by the airlines to California Public Utilities Commission.

CPUC Resolution No. A-3211 dated May 25, 1965, orders that statistics contained in No. 1504 Reports shall be open to public inspection six months after the conclusion of the period in which air travel represented by these statistics has taken place.



## SOUTHWEST AIRLINES RESPONSES TO AIRLINE QUESTIONNAIRE

Question No. 1

Describe the history of your firm.

Southwest Airlines was organized in early 1967 for the purpose of prosecuting an Application before the Texas Aeronautics Commission for a Certificate of Public Convenience and Necessity to carry local intrastate passengers by air between the major metropolitan areas in Texas of Dallas/Fort Worth, Houston, and San Antonio. Hearings before the Commission were held in late 1967, and a favorable decision was issued by the Texas Aeronautics Commission on February 20, 1968. On February 21, 1968 the incumbent CAB carriers, Braniff, Texas International, and Continental, filed suit in State District Court in Austin seeking an injunction against the TAC from issuing such Certificate. The case was heard during a five-week trial before a District Judge who issued from the bench a decision favorable to the plaintiffs. The case was appealed to the Texas Court of Civil Appeals which upheld the District Court Decision. On further appeal to the Supreme Court of the State of Texas a unanimous decision was issued favorable to the defendant. The CAB carriers further appealed this case to the United States Supreme Court, which on December 7, 1970 denied writ of certiorari.

Between that date and June 18, 1971 when scheduled service began, the Company raised some \$8 million of equity capital in the form of convertible promissory notes and common stock; purchased three new Boeing 737-200 aircraft with 100% financing from the Boeing Company; and hired and trained the necessary personnel complement to properly staff the airline operation.

The Company's initial operation consisted of 12 round trips daily between Dallas' Love Field and Houston's Intercontinental Airport and 6 round trips daily between Dallas' Love Field and San Antonio's International Airport. In November, 1971 the Company relocated one-half of its Dallas-Houston service from Houston's Intercontinental Airport to Houston's close-in Hobby Airport and at the same time inaugurated service between Houston's Hobby Airport and San Antonio's International Airport with three daily round trips. In mid-May, 1972 the Company consolidated all of its Houston operations at close-in Hobby Airport and abandoned its service at Houston's Intercontinental Airport.

As a result of innovative marketing and pricing techniques and continuing daily service, which have met with the approval of the marketplace, the Company has expanded the markets it serves to the point that it is now a very successful and profitable enterprise without having significantly diverted traffic from the CAB carriers serving these markets.

In early 1973 the Company applied to the Texas Aeronautics Commission for its first route expansion, this being for authority to provide its intrastate service to the Lower Rio Grande Valley of the State of Texas through the Harlingen Airport with such authority to permit non-stop service from that airport to the three metropolitan areas presently served by the Company. Extensive hearings were held on this matter during the first half of 1974, in which the authority was opposed by Texas International Airlines. The Company is now awaiting an initial decision in the matter from an Examiner of the Texas Aeronautics Commission.

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On January 14, 1974 with the opening of the new Dallas/Fort Worth Regional Airport, most scheduled services were transferred from Love Field to the new Airport, which is located midway between the cities of Dallas and Fort Worth. Southwest Airlines earlier had refused to sign an agreement forcing it to move its local intrastate service from Love Field to the new Regional Airport. As a result, it was defendant in a suit filed by the cities of Dallas and Fort Worth and the Regional Airport Board in Federal District Court. This suit was decided on April 23, 1973 in favor of Southwest being permitted to remain at Love Field so long as that airport remained in operation as an airport. The decision by the District Court Judge was appealed by the plaintiffs to the Fifth Circuit Court of Appeals which upheld the decision of the Lower Court. The decision has now been further appealed to the United States Supreme Court. 1/

Currently Southwest Airlines carries some 60% of the local Dallas-Houston and Dallas-San Antonio markets. However, these markets have expanded during the three years Southwest has served them in the amount of 127%, whereas during the five years prior to the inauguration of service of Southwest Airlines, there had been no growth whatsoever.

Southwest currently operates four Boeing 737-200 aircraft; it employs some 325 people; and it is presently serving some 876,000 passengers annually.

1/ On December 16, 1974, the United States Supreme Court denied certiorari in the Love Field lawsuit. Texas International Airlines has filed another lawsuit in the State District Court in Austin, Texas, however, seeking to relitigate essentially the same issues already decided in our favor in the Federal courts. This is illustrative of the process by which the CAB air carriers, as will be more fully discussed hereafter, continually attempt to destroy or seriously impede our development through repetitive litigation.

Question No. 2

What regulatory or other obstacles did you face in trying to obtain approval to fly the routes and charge the fares that you wished to charge?

As described in Question No. 1, we faced no inordinate regulatory obstacles but did face three years' delaying tactics wherein the established CAB carriers used the courts to thwart any competition to their very profitable monopolies or oligopoly. Subsequent to the decision by the United States Supreme Court which permitted the physical issuance of the Certificate, these same carriers filed many applications and protests before both the Texas Aeronautics Commission and the Civil Aeronautics Board in an effort to ever keep Southwest from actually beginning scheduled service. Fortunately they were unsuccessful in all of such endeavors.

The regulatory agencies provide the CAB air carriers with access to the State and Federal court systems, which they proceeded to use to render Southwest insolvent by the end of 1970. For instance, Southwest has been forced to litigate the validity of its certificate and the totally spurious issue of CAB jurisdiction over the Company in at least eight or nine judicial and administrative proceedings. A judge of the District of Columbia Circuit Court of Appeals described this as "harassment." In addition, Braniff and Texas International Airlines used every extra-judicial means at their disposal to attempt to keep Southwest from flying and to drive it out of business after it had commenced operations. This is the manner in which the Federally protected air carriers use their privileged positions, and profits virtually guaranteed by the Federal government, to prevent intrastate aviation, the only truly competitive force in the American airline industry, from developing and flourishing. In an attempt to put an end to any further possibilities of meaningful competition, bills will be introduced and pushed in the Congress next year to bring intrastate aviation under the jurisdiction of the CAB. This is merely another example of the drive to facilitate the CAB carriers in providing the minimum possible service at the maximum possible fares.

Question No. 3

a. Why did you wish to fly in the markets where you now provide service?

We wished to fly in the markets where we now provide service because for many years we ourselves had been customers of the limited service then available and felt that an intrastate carrier which was interested only in the development of the local markets and was a specialist in that area could provide far superior service at much lower fares in these markets.

b. Did you propose lower fares?

The fares proposed in the original Application filed in 1967 were for a fare of \$14.95 as compared to the then present fares of approximately \$20-21. By the time the legal obstacles were cleared some four years later, inflation had taken its toll and the CAB fares were then \$27 between Dallas and Houston and \$28 between Dallas and San Antonio. Southwest came in at a \$20 fare in both markets which was immediately met without filing any tariffs with anybody by the competing carriers, Braniff and Texas International.

c. If so, did you believe you could make money in those markets?

Yes

d. How?

Our analysis of what our costs would be indicated to us that at a \$20 fare, including tax, we would incur a breakeven operation with an average load of 38 passengers per flight operated, and we felt this was not an unreasonable goal to be obtained within a year's time.

Question No. 3 (continued)

e. Did you consider fares important?

We felt the fares charged by the CAB carriers were excessive and had definitely stunted the growth which should be occurring in the markets. Therefore, fares were extremely important if the markets were to be expanded to the extent necessary to make our operations viable.

f. List each airport pair you serve.

Dallas Love Field - Houston Hobby Airport

Dallas Love Field - San Antonio International Airport

Houston Hobby Airport - San Antonio International Airport

Question No. 4

a. What fares do you charge in each market?

Through a series of fare experiments, Southwest feels it has come up with the fare structure which best serves the public need and has permitted the dramatic expansion of the markets it serves. Our tariff actions from the inauguration of service will thus be summarized at this point.

Since each of the markets served are approximately the same distance apart in air time, we have historically charged the same fares in each of our three markets. As stated in Question No. 3, our initial fare structure in each of the markets was a regular fare of \$20 with lower fares for certain groups including military, accompanied females, youths, and groups of ten or more. This fare structure was maintained from June 18, 1971 to July 6, 1972 when we increased the regular fare from \$20 to \$26 due to the fact that we had been unsuccessful in expanding the markets at that time to the extent necessary to reach an average passenger load of 38. It was either increase the fare or go broke. Some months earlier we had been experimenting with late night flights on Friday only permitting passengers to ride such flights which were primarily for operational purposes at a fare of \$10. Within a matter of weeks and with no advertising whatsoever, these limited flights were operating at near capacity and this service was expanded somewhat at the time of the regular fare increase from \$20 to \$26 with great success.

The philosophy had developed that the \$20 fare had represented a very substantial saving for the business traveler who was receiving a far

Question No. 4 (continued)

superior service to any he had previously received in these markets, but that the \$20 fare was not close enough to bus fares and to the costs of driving personal automobiles to really take any substantial portion of the personal travel market. By October, 1972 we had developed this philosophy to the ultimate by offering a two-fare structure throughout the system in the following manner: Flights operating between 7:00 a.m. and 8:00 p.m. on weekdays (Monday-Friday) were operated at the regular fare of \$26. All flights operated after 8:00 p.m. on weekdays and all flights operated on Saturdays and Sundays carried a regular fare of \$13, or \$25 for a round trip, which was within \$1 of bus fare and was comparable to cash costs of driving a personal automobile. The success of this philosophy became evident very shortly with a rapid expansion of the overall size of the market. The basic fare structure remained constant from October, 1972 through November, 1973 consisting of the regular fare of \$26, or \$50 round trip, and a pleasure class fare of \$13 one way and \$25 round trip. On December 1, 1973 all fares were increased \$2 concurrent with the 6% fare increase granted by the CAB to the CAB carriers. This higher fare level, together with the improved traffic on Southwest after the opening of the Regional Airport, permitted the Company effective October 1, 1974 to reduce the regular fare of \$28 to \$25 and at the same time move the price change time for the pleasure class \$15 flights from 8:00 p.m. to 7:00 p.m. Thereafter all flights operating between 7:00 a.m. and 7:00 p.m. systemwide were at the new lower \$25 fare with all flights operating at 7:00 p.m. or after on weekdays and all



Question No. 4 (continued)

weekend flights operating at the \$15 pleasure class fare. This fare reduction was put into effect knowing that the CAB carriers would be further increasing their fares in the approximate amount of 4% in the following month.

The only deviation in this pricing structure was between the period January 22, 1973 and October 1, 1974 when all flights in the Dallas-San Antonio market were operated at the pleasure class fare. During this period of time Southwest was not able to offer a frequency of service which was sufficient for the business traveler. On October 1, 1974 when we inaugurated service with our fourth Boeing 737-200 aircraft and offered eight trips between Dallas and San Antonio every other hour, we felt it was the proper time to charge the regular fare in this market during weekdays.

Throughout Southwest's operating history the CAB carriers have maintained their high interstate fares which have been applicable to all interstate passengers, but in addition they have charged intrastate fares under tariffs not filed with any regulatory agency equal to the intrastate fares charged by Southwest until September 1, 1974 when Braniff discontinued the commuter service which it had operated from Love Field subsequent to the January 14 move to the Regional Airport. Currently the CAB fare structure in these competitive markets consists only of the interstate fares which are as follows:

	<u>First Class</u>	<u>Coach</u>
Dallas-Houston	\$41.37	\$31.37
Dallas-San Antonio	43.37	32.37
Houston-San Antonio	38.37	29.37

Question No. 4 (continued)

- b. Are you making a profit in each of the markets you serve (specify market by market) (a) on the basis of fully allocated costs? (b) on the basis of direct operating costs (CAB definition)? (c) on the basis of incremental costs? (What do you include in "incremental" costs?)

Southwest makes a profit based on fully allocated costs in both its Dallas-Houston and Dallas-San Antonio markets. In the Houston-San Antonio market our revenues make a substantial contribution to overhead costs but do not make a profit on a fully allocated basis. In this particular market there are five other carriers operating flights daily, and the overall size of the market is approximately one-half as large as the Dallas-San Antonio market and one-fourth as large as the Dallas-Houston market.

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Question No. 5

What are your load factors in each market?

During the first 11 months of 1974 the average load factor in each of our three markets is as follows:

Dallas-Houston	62.8%
Dallas-San Antonio	64.1
Houston-San Antonio	26.6

Question No. 6

If your fares were significantly lower than your competitors charged when you entered, and if they are significantly lower than those charged on comparable routes elsewhere in the country, explain in some detail how it is possible for your airline to remain in business.

Our fares are significantly lower than the fares charged by our competitors from different airports in these markets and are significantly lower than fares charged on comparable routes elsewhere in the Country. Very simply stated, the reason we are able to do this is that our costs are significantly lower than their costs. We are specialists providing a specific service to specific markets all having geographic similarities. We are thus attuned to our particular job and use equipment specifically designed for such short-haul flights. Additionally the fare structures which we ultimately reached are such that they have permitted significant expansion of the markets to permit us to have average loads sufficiently high to justify the lower fare structure.

Question No. 7

- a. Have other airlines serving your markets matched your fares? Which?

These questions are answered thoroughly in Question No. 4 (a).

- b. Are they making money on their service?

These carriers (Braniff and Texas International) proclaim publicly that they are making money and have continued to offer vigorous competition in the marketplace. Putting the numbers to their costs and traffic clearly indicates however that over the history of Southwest's service their competitive efforts have cost them millions in bottomline profits. We feel very strongly that they knew these commuter fares would cost them millions when they instituted them, but they felt initially it was a good investment because it would keep Southwest from becoming a viable company. With their recent abandonment of their intrastate fare structure, they have apparently decided it was a bad investment.

- c. How can you maintain high load factors if other airlines match your fares?

In a few words, better service to the customer with a high completion and on-time reliability factor and a smile instead of a scowl.

Question No. 8

Describe specifically the way in which your low fare service benefits the public.

By making our transportation available at fares which a much larger segment of the public can afford. We are continually amazed at the high percent of first-time riders on our aircraft.

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Question No. 9

Have your low fares led to an increase in the number of passengers? Document this if possible, showing the extent to which lower fares increase demand for service.

Attached is a tabulation of the average daily passengers in our principal markets before and after Southwest, together with a graph pictorially displaying the growth in the markets during the years 1973 and 1974 as compared to the five-year period 1967 to 1971 prior to the entry of Southwest into these markets. This tabulation shows that in the Dallas-Houston market the growth in a three-year period to 1974 has been 113% and in the Dallas-San Antonio market 163%.

Love	444	240	684
Regional	366	155	521
Total	810	395	1,205



DALLAS-HOUSTON  
+  
DALLAS-SAN ANTONIO

LOCAL MARKETS

Ave. Daily Passengers

PERC.  
PER DAY

4,000

3,500

3,000

2,500

2,000

1,500

1,000

500

0

3,307

2,888

SWA

1,379

48%

SWA

1,924

60%

1,458

ALL

CAB

CARRIERS

1,458

100%

ALL

CAB

CARRIERS

1,509

52%

ALL

CAB

CARRIERS

1,823

40%

Question No. 10

Have you do studies of the elasticity of demand for air travel in your markets? If so, what were the results of those studies?

Our fare experimentation during our operating history has convinced us that in the air transportation business there are really two completely distinct markets, one of which gives no indication of having any appreciable price elasticity and the other giving every indication that price elasticity is the name of the game. The business travel market did not grow appreciably during our first year of service with the low \$20 fare and gave no indication of being affected volume-wise when we increased that fare to \$26. During our first year of operation when we had only the \$20 fare, in excess of 80% of our total traffic was business oriented and it was not until we established the \$13 at off hours and off days that we began to expand drastically the size of the market. Our business customers using our frequent executive class flights between the hours of 7:00 a.m. and 7:00 p.m. on weekdays are much more interested in frequent good service than they are in fare levels. Our pleasure class travelers using the lower fare who normally prefer to travel in the evenings and on weekends anyway definitely are attracted to our service by the fare. This convinces me that the CAB carriers' efforts to expand personal travel markets with night coaches offering only 20% discounts are only skimming the top of a very large market. If such discounts were more in the area of 50%, they would not be able to handle all the traffic they would be offered and could increase utilization of their equipment substantially and operate profitably with those kind of discounts. To a large extent I think that a 20% discount actually causes a lot of revenue diversion whereas a Spartan service offered at a 40-50% discount would represent almost exclusively new revenues and probably less revenue diversion than they now incur. (See additional paragraph on next page (pg. 17)).

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Question No. 11

How do you determine the proper fare for a particular city pair? Who, within your organization makes this decision? What studies are made for use in making it? Have you studied the possible effects of increase fare competition on your fares, costs, and profits? Describe in detail the studies you have made, and their conclusions.

It is believe that answers to earlier questions have provided the requested information in this question except for who within our organization makes this decision. The answer to that question is the undersigned.

Question No. 10

As used in this answer, price elasticity exists only if a given percentage reduction in fares produces more than that percentage of increase in passengers. Thus, a 10% fare reduction producing a 7% passenger increase is non-elastic. Each fare reduction does, however, produce more passengers in almost any given market. Even Southwest's \$20.00 fare caused the weekday commuter market to start growing after it had been stagnant for many years. Price will also undoubtedly become more significant even for the business traveler in the type of economy we are experiencing.

Question No. 12

Provide a statement of actual and predicted cash flow over the next five years. Provide a statement of projected cash flow over the next five years. What load factors did you assume in arriving at the figures in these statements? How do the figures change assuming load factors of 55%, 60%? 65%? 70%?

It would be foolhearty to even attempt to provide reasonably accurate information in response to this question. All I can say in this regard is that at the current time the economics of our operation consist of three categories of cost, these being fixed costs amounting to some \$19,500 daily; costs varying with number of flights operated at the rate of \$386 per flight; and costs related to passengers carried at the rate of \$2.64 per passenger. In the future periods these figures would have to be adjusted upward to the extent of the inflationary effect on our economy caused by Congress. At our average yield per passenger carried of \$19.86 this means that in our present mix we break even at 48.4 passengers per flight, which represents a 44% load factor. To the extent that the economy is such that it generates more than a 44% load factor, we will make money, continually being adjusted upward as a result of rampant inflation. To the extent that the economy is such that we carry less than a 44% load factor, we will lose money. That's as far as I care to go on future forecasting. It's really up to Congress.

Question No. 13

What is your depreciation policy for new aircraft? For aircraft purchased second-hand? If you lease aircraft, how many and what types? What are the lease terms? How were these purchases financed? If they were financed by bond sales, list the amounts and dates on which these bonds fell due.

The original three Boeing 737-200 aircraft which we purchased new in 1971 were financed 100% by the manufacturer at the rate of interest to be 1-1/2% above the prime rate. These aircraft are being depreciated over a 12-year life with a 4% residual value. The new fourth aircraft which we received and put into service on October 1, 1974 is being depreciated over a 15-year life with no residual value. The longer life is due to the fact that this aircraft is already equipped with the environmental protection devices to be required by government. All of our aircraft have been purchased new and none have been leased. With the current high cost of money, the interest rate of 1-1/2% above the prime rate we are paying is extremely burdensome.

Question No. 14

What percentage of your costs is accounted for by (a) advertising (b) other promotion, (c) office rents, (d) wages, (3) executive salaries, (f) fuel. What are your total costs? Are your costs per passenger-mile lower than, equal to, or higher than the industry average? Why?

During the first 10 months of 1974 our total costs including non-operating costs (principally interest costs) were \$10,084,000. Of this 4.99% was advertising; .33% was other promotion; .91% was office rents; 23.80% was wages; 4.57% was executive salaries; and 15.9% was fuel. The total passenger miles we carried during this 10-month period were 151 million resulting in average passenger mile costs of 6.68¢. During the year 1973 the total CAB industry operating expense (excluding non-operating costs) was \$12,206 million and the industry carried 161,605 million passenger miles for an average cost per passenger mile of 7.55¢. This figure as stated is without non-operating costs and is for the year 1973 rather than the much higher costs experienced during 1974, principally as a result of fuel price increases. The 1974 costs for the CAB carrier industry will undoubtedly be well in excess of 8¢ per passenger mile for an average haul in excess of 700 miles which, of course, is much more economical than the average 240-mile passenger trip on Southwest Airlines.

Why are Southwest's costs so much lower? Very simply stated, because we are of necessity much more efficient than the CAB carriers which continually rely on grants of fare increases and subsidies by the CAB.

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Question No. 15

Enclose a statement of your costs, revenues, gross profits, interest on debt, actual taxes paid, net return to equity, and load factors for your routes, broken down by individual route insofar as possible for each year for the past ten years. (Indicate as well those of your costs and profits that are attributable (a) Your charter operations; (b) other non-scheduled airline related activities; (c) non-airline activities. Include that same information for the nine months ending September 30, 1974.

In answer to this question, we are supplying you with copies of our Annual Reports for 1971, 1972, and 1973. In addition, we are supplying our internal Operating Statement for the first ten months of 1974 which we would appreciate your granting confidential treatment. Additionally, we list below the load factors by segments for each of the periods since we began operations on June 18, 1971:

Period	<u>DAL-HOU</u>	<u>DAL-SAT</u>	<u>HOU-SAT</u>	<u>System</u>
1971 (from June 18)	18.3%	15.6%	12.1%	17.2%
1972	32.1	24.2	17.0	28.1
1973	52.0	57.3	24.1	49.2
1974 (thru October)	62.7	65.7	26.3	60.2

Our charter operations are miniscule, and our other non-scheduled airline

activities and non-airline activities are non-existent.

Our charter operations are miniscule because Braniff secured a Federal District Court injunction prohibiting us from operating charter flights outside the State of Texas, and there is very little opportunity for intrastate charter business. We are very often solicited to perform interstate charters because our prices are lower; CAB carrier jet aircraft are unavailable or cannot serve the destination airports; or because the size of our aircraft are particularly appropriate for some groups. All of these we must decline. Moreover, we can carry mail more cheaply and reliably in some cases than the CAB air carriers. Neither the Post Office nor the Department of Defense is willing to buck the CAB and its carriers, however, by assisting us in securing a CAB exemption to perform these activities. Thus, it is even incumbent upon the Federal government to pay more money for less service.

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Question No. 16

What airplanes do you fly? Are your wage expenses for pilots, other crew, and ground personnel lower than, equal to, or higher than average wages in the industry? If they are lower, how do you account for this fact?

We fly the Boeing 737-200 aircraft exclusively. We believe that after taking into consideration the seniority of our employees versus employees of other carriers that our wage expenses are equal to the average wages in the industry.



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Question No. 17

Describe your "on time" performance. Is your record better than, similar to, or worse than the industry average? If your record is different, explain why.

Our annual on-time performance figures are set forth below:

<u>Year</u>	<u>Within 15 minutes of schedule</u>
1971 (from June 18)	98.5%
1972	93.3
1973	82.1
1974	91.7

These on-time performance factors are believed to be the highest in the world and are substantially higher than the experience of CAB carriers.

Question No. 18

Is the weather on the routes you fly better than, similar to or worse than the weather on typical airline routes throughout the Country? If the weather is better, to what extent does this fact account for your lower costs and your ability to charge lower fares? Please provide us with written documentation for your answer to this question.

While we do not in the Texas area have as much snow and ice to contend with during the winter months as certain other parts of the Country, it is the considered opinion of our Vice President-Flight Operations that the high extent of thunderstorms and turbulent weather conditions consistent with this Gulf Coast weather make our overall weather conditions similar to slightly better than the Country as a whole. We do not have any specific statistics to support this opinion.

Question No. 19

Are the routes you fly denser than, as dense as, less dense than typical airline routes throughout the United States? Is traffic less dense or more dense than the Boston/Washington, Boston/New York, New York/Washington, Chicago/Boston, Chicago/New York, Chicago/Washington routes? To what extent does density of traffic on your routes account for your ability to incur lower costs and charge lower fares than on other routes of similar mileage in other parts of the United States?

In answer to Question No. 9 we gave you the size of the two principal markets we serve. We frankly do not know how this compares with the size of the markets innumrated in this question but am sure this information is available to you. Density of traffic is important only to the extent that we are permitted to use an economically sized aircraft such as the Boeing 737-200 with a schedule frequency sufficient to meet the requirements of the short-haul commuter passenger. We feel there are many markets in the Country which are not currently large enough for our type of service but would become large enough with our type of service just as was the case in the Dallas-Houston and Dallas-San Antonio markets. The reason they don't become that large is because they don't have our service.

Question No. 20

Please describe your safety record. Please contrast this record with safety records of the interstate carriers and explain any differences.

This is a subject which we don't particularly like to talk about, but to this point our safety record is intact, and we trust that with the highly experienced and dedicated employees of Southwest Airlines, together with the excellent equipment we operate, our safety record will remain intact. I am sure the safety records of the interstate carriers are known to you.

Question No. 21

Please identify any CAB procedures or activities that significantly affect your intrastate operations.

Since to this date we are not subject to the scrutinizing or regulation of the CAB, none of their procedures or activities have significantly affected our intrastate operations. If, of course, we were permitted to carry interstate passengers connecting to CAB carrier flights, our market opportunities would be substantially expanded thus permitting even lower fares than are presently charged. However, such does not seem to be in the cards, as it would require us to receive a Certificate of Public Convenience and Necessity from the CAB. In this regard, I believe the only new Certificate which has been issued in the last 25 years was the one recently issued to New England Airways, which effectively took over the old Northeast Airline routes. It is an extremely tight fraternity to which new members are not welcome.

Question No. 22

Please describe any litigation that significantly affects your intrastate operations.

There has never been a day during our existence that we have not been in court defending the rights of our commuter passengers to continue receiving service by Southwest Airlines. These court costs are now cumulatively in excess of \$2 million.

While it is not litigation as such, for over two years a Federal Grand Jury in San Antonio, Texas has been investigating the activities of Braniff International and Texas International with regard to their efforts to stifle the competition of Southwest Airlines in the markets we serve. Although some 29 present and past officers and executives of Braniff and Texas International have pled the Fifth Amendment and have been granted immunity from prosecution in exchange for their testimony before the Grand Jury, the Office of the Attorney General as of this time apparently has not recommended indictments.

The latest litigation affecting Southwest Airlines concerns the use of downtown Love Field in Dallas. At the instance of the CAB air carriers, the billion dollar Dallas-Fort Worth Regional Airport was constructed mid-way between the two cities and approximately 23 miles from Dallas, which provides 80% of the passengers in the area. Each of the CAB air carriers signed an agreement to transfer its services to the new airport and to underwrite any deficits resulting from its operations, including 1.25 times the annual debt service on the Regional Airport bonds. Southwest refused to do so because furnishing commuter air service through the Regional Airport is the equivalent of Eastern's being required to use Dulles for its New York-Washington, D.C. shuttle service. Southwest would lose all of its newly generated short haul passengers and collapse.

Maintaining that the absence of Southwest's four airplanes from their billion dollar, nine mile long, 17,500 acre airport would cause financial disaster, the Cities of

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Dallas and Fort Worth brought suit to force Southwest Airlines to discontinue use of Love Field. The Cities lost in the Federal District Court and were joined by American, Delta, and Continental in the Fifth Circuit Court of Appeals. After losing there, the entire Air Transport Association ("ATA") intervened against Southwest in the United States Supreme Court on the preposterous theory that the Congress had given airline regulatory powers to the FAA under the Airport and Airway Development Act of 1970. As previously stated, the Supreme Court denied certiorari.

Now, American, Delta, and Texas International are attempting to prolong this litigation through other lawsuits and are trying to enlist the aid of Mr. Alexander Butterfield, Administrator of the FAA, in evicting Southwest from Love Field. They are joined in this endeavor by the Regional office of the FAA located in Fort Worth. Undoubtedly, Southwest faces many more years of expensive litigation and administrative proceedings because of this concerted effort by the CAB carriers to exterminate it in their own self interest, regardless of the interests of the traveling public.

Southwest's history is a perfect case study of how big, government regulated business can operate to maintain unnecessarily high rates and to squash new entrants in its field.

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Question No. 23

Please describe the nature of any state regulation to which you are subject. How much do you spend each year in fees and other costs related to any such regulatory proceedings?

Our authority to operate derives from a Certificate of Public Convenience and Necessity issued to us by the Texas Aeronautics Commission which controls the routes we operate and the fares we charge. The legal fees and court costs connected with obtaining final judgments in our original Certificate case amounted to \$530,000. The fees to date which we have paid in connection with our Application for extension of our route to the Rio Grande Valley, which is being venomously opposed by Texas International Airlines, are currently well in excess of \$100,000.



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Question No. 24

Would you expand into interstate or international markets if there were no CAB regulations on entry? If so, where?

Yes. We would initially begin service from the Dallas/Fort Worth area to both Oklahoma City and Tulsa, Oklahoma with possible other points being Kansas City, St. Louis, and New Orleans.

Question No. 25

List your fuel costs, in absolute terms, and as a percentage of your total costs, for 1972, 1973, 1974 and projected for 1975. What has been the increase in cost per gallon during this period?

<u>Period</u>	<u>Total Fuel Costs</u>	<u>Percentage of Total Costs</u>	<u>Cost per Trip Flown</u>	<u>Average per Gallon Cost</u>
1971 (from June 18)	\$521,382	11.3%	\$103.22	11.5¢
1972	913,992	11.4	86.42	11.5
1973	962,799	10.7	90.67	11.5
1974 (thru October)	1,534,533	15.2	154.32	18.1
1975 (forecast)	3,367,104	20.1	215.84	28.4

The 1975 forecast of 28.4¢ per gallon is the price we are currently paying for fuel from the Exxon Corporation. This represents a 147% increase over the price paid from 1971 through 1973. The magnitude of this increase has nothing whatsoever to do with the so-called energy shortage. It is strictly due to Congress' creation of the Federal Energy Administration which has effectively eliminated all competition in the oil industry and permitted that industry to just about charge any damn price they choose to captive customers whose allotments are owned by the individual oil companies.

Question No. 26

How would any of the above answers differ if you were fully subject to CAB regulation?

Well, in the first place we wouldn't be in business because we would have never been able to crack the fraternity of certificated carriers. In the second place we would never have been able to expand the markets as we have and thus become a viable company because the CAB would not have permitted the fare experimentation which we have conducted during the history of our operation. If by some means we could have gotten the Certificate to begin operations, we could have only stayed in operation through the largess of the Federal Subsidy Program for airlines.

Question No. 27

How many people do you employ in positions related to airline activities? How many departures, passenger emplanements, aircraft-miles, aircraft-hours, RPM's and ASM's did you accomplish in the last 12-month period?

The following tabulation answers adequately the questions posed herein:

		<u>Average per employee</u>
Average number of employees	277	
Number of flight departures	12,001	43
Number of passengers	735,215	2,654 <sup>[1]</sup>
Plane miles	2,867,663	10,353
Air time hours	8,072	29
Revenue passenger miles (000 omitted)	177,950	642 <sup>[2]</sup>
Available seat miles (000 omitted)	303,321	1,095 <sup>[3]</sup>

This information is for the 12-month period ended November 30, 1974.

- [1] During 1973 the domestic trunk lines handled 663 passengers per employee, one-fourth as many as were handled by each Southwest employee. The local service carriers handled 1,143 passengers per employee, less than one-half as many as were handled by each Southwest employee.
- [2] During 1973 the domestic trunk lines flew 577 thousand passenger miles per employee, and the local service carriers flew 351 thousand passenger miles per employee, 45% less than Southwest.
- [3] During 1973 the domestic trunk lines operated 1,091 thousand seat miles per employee, and the local service carriers operated 717 thousand seat miles per employee, some 35% less than Southwest.

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Question No. 28

What is your total number of hours delayed each year by airport or air traffic congestion? Your average delay per flight from these causes? The median delay? Ratio of block hours to flying hours?

Our flights are scheduled for 50 minutes. Under ideal no-wind conditions the flights can be made in 45 minutes. The actual average block-to-block time during the years 1972 through 1974 and the resulting average delay per flight are set forth below:

<u>Year</u>	<u>Average Elapsed Time</u> (minutes)	<u>Average Delay</u>
1972	49.5	4.5
1973	50.5	5.5
1974	48.0	3.0

The improvement in 1974 over 1973 is principally due to the elimination of most traffic congestion at Love Field subsequent to the move on January 14 by the other carriers to the Regional Airport. During the first 11 months of 1974 our block hours were 119% of our air time hours.

SOUTHWEST AIRLINES CO.

## Balance Sheet

As of October 31, 1974

Assets

	Current Month	Previous Month
Current Assets		
Cash in bank & on hand	\$ 710,575	\$ 2,106,791
Accounts receivable - Trade	228,305	186,478
- Credit Card	745,952	687,970
- Employees	17,304	9,698
- Other	59,325	75,125
Total	1,050,886	959,271
Less: Reserve for bad debts	5,000	5,000
Total	1,045,886	954,271
Inventories - Expendable parts & supplies	169,022	166,681
- Uniforms	27,926	35,065
Total	196,948	201,746
Prepaid expenses - Insurance	104,333	36,558
- Taxes	14,782	13,603
Total	119,115	50,161
Special funds - Deposits	9,300	9,300
- Cash values (INS)	81,941	79,782
- Bonds	14,707	14,707
Total	105,948	103,789
Total	2,178,472	3,416,758
Property & Equipment:		
Flight equipment - Operating	17,122,699	17,122,699
- Non-operating	-	-
- Progress payments	780,264	25,000
Rotable spares & assemblies	2,671,091	2,653,966
Ground equipment	691,318	533,721
Leasehold improvements	162,915	223,714
Total	21,428,287	20,559,100
Less: Reserve for depreciation	4,040,445	3,910,843
Net property & equipment	17,387,842	16,648,257
Deferred Charges:		
Certification costs	176,712	185,547
Love Field law suit	133,615	137,187
Valley service costs and pilot training	80,313	103,749
	390,640	426,483
Total Assets	<u>\$19,956,954</u>	<u>\$20,491,498</u>

Sch. A. 2

SOUTHWEST AIRLINES CO.Balance Sheet

As of October 31, 1974

Liabilities & Net Worth

	<u>Current Month</u>	<u>Previous Month</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 461,712	\$ 602,213
Collections as agent	147,531	127,603
Accrued salaries & wages	107,466	100,534
Accrued liabilities	566,556	640,510
Total	<u>1,283,265</u>	<u>1,470,860</u>
<b>Long Term Debt:</b>		
Conditional Sales Agreement - BFC		
Aircraft	13,219,224	13,646,475
Deferred interest - aircraft	-	99,980
Deferred compensation	92,680	88,000
Total	<u>13,311,904</u>	<u>13,834,455</u>
<b>Deferred Credits:</b>		
Flight equip. airworthiness reserves	1,306,074	1,246,415
<b>Net Worth:</b>		
Capital stock, \$1 par	1,108,758	1,108,758
Paid-in surplus	6,062,105	6,062,105
Earned surplus (deficit)	( 3,115,152)	( 3,231,095)
	<u>4,055,711</u>	<u>3,939,758</u>
<b>Total Liabilities &amp; Net Worth</b>	<u><u>\$19,956,954</u></u>	<u><u>\$20,491,498</u></u>
<b><u>Summary of Accrued Liabilities:</u></b>		
Ad valorem taxes	103,208	126,000
Accrued interest - aircraft	138,206	122,770
Insurance - passenger liability	45,207	35,461
Engine repair - TWA	-	-
Legal fees - ORK & W	33,482	125,348
Employees profit sharing	193,300	189,800
Payroll taxes	11,149	11,243
Misc. - current months accruals	<u>42,004</u>	<u>29,888</u>
<b>Total accrued liabilities</b>	<u><u>\$ 566,556</u></u>	<u><u>\$ 640,510</u></u>

Sch. B

SOUTHWEST AIRLINES CO.  
Source and Application of Funds  
 October 1974

	<u>Current</u> <u>Month</u>	<u>Previous</u> <u>Month</u>	<u>Year-to-</u> <u>date</u>
<u>We received funds from:</u>			
Operations-			
Net income (loss)	\$ 115,942	\$ 190,189	\$2,053,889
Provisions for- depreciation of equip.	131,102	103,245	1,077,794
- A/W reserve (net)	59,659	( 2,920)	242,834
Amortization of - certification costs	8,835	8,835	88,356
- Love Field Case	9,145	8,649	75,684
Pilot Training Costs	24,000	5,000	34,320
Deferred Compensation	4,680	5,500	54,180
Sales of Flight Equip. - Spare Parts	-	-	8,500
Cash Differential Received from V. A. S. P.	-	-	-
Aircraft Exchange	-	700,000	700,000
Total From Operations	\$ 353,363	\$1,018,499	\$4,335,557
<u>We utilized funds for:</u>			
Principal payments to Boeing	527,231	742,071	1,931,895
Progress payments on aircraft	750,291	-	1,657,815
Buyer furnished equipment	4,973	3,515	147,400
Purchase of - rotatable spares & assemblies	18,624	69,799	226,490
- other ground equipment	96,798	85,540	404,133
Additions to deferred charges	6,137	55,807	175,130
Total funds utilized	\$1,404,054	\$ 956,733	\$4,542,863
Increase (Decrease) in Working Capital	( <u>\$1,050,691</u> )	<u>\$ 61,766</u>	( <u>\$ 207,306</u> )



SOUTHWEST AIRLINES CO.Sch. C

## Statement of Income

October

	1974		1973	
	<u>Total</u>	<u>Per Trip</u>	<u>Total</u>	<u>Per Trip</u>
<u>Operating revenues:</u>				
Passenger	\$1,425,293	\$1,079.77	\$805,046	\$860.09
Liquor sales	13,601	10.30	11,073	11.83
Package express	55,835	42.30	19,291	20.52
Other - service charges	5,298	4.01	5,579	5.96
charter	3,482	2.64	2,109	2.25
miscellaneous	2,771	2.10	-	-
Total	<u>1,505,280</u>	<u>1,141.12</u>	<u>843,098</u>	<u>900.75</u>
<u>Operating expenses:</u>				
Flight operations	395,462	299.59	159,227	170.11
Maintenance	179,417	135.92	128,351	137.13
Terminal operations	127,292	96.43	83,580	89.29
In-flight services	79,387	60.13	49,690	53.09
Marketing	181,966	137.85	64,320	68.72
Insurance & taxes	84,667	64.14	55,225	59.00
General and administrative	54,472	41.27	49,492	52.88
Depreciation and amortization	149,084	112.95	112,312	119.99
Total	<u>1,251,727</u>	<u>948.28</u>	<u>702,197</u>	<u>750.21</u>
Operating profit or (loss)	<u>\$ 254,553</u>	<u>\$ 192.84</u>	<u>\$140,901</u>	<u>\$150.54</u>
<u>Non-operating income and (expenses):</u>				
Interest income and misc.	2,777	2.10	3,061	3.27
Cash discounts earned	318	.24	120	.13
Interest expense	( 138,206)	( 104.70)	( 105,990)	( 113.24)
Employee profit sharing	( 3,500)	( 2.65)	-	-
Total	<u>( 135,611)</u>	<u>( 105.01)</u>	<u>( 102,809)</u>	<u>( 109.84)</u>
Net income or (loss)	<u><u>\$ 115,942</u></u>	<u><u>\$ 87.83</u></u>	<u><u>\$ 38,092</u></u>	<u><u>\$ 40.70</u></u>
Trips operated	1,320		936	
Passengers carried	75,396		48,026	
Yield per passenger		\$ 19.98		\$ 17.56
Avg. total cost per psgr.		\$ 18.44		\$ 16.76

Sch. C. 1

SOUTHWEST AIRLINES CO.Statement of Income

Year to October 31, 1974

	1974		1973	
	Total	Per Trip	Total	Per Trip
<u>Operating revenues:</u>				
Passenger	\$11,540,936	\$1,160.59	\$7,220,883	\$813.53
Liquor sales	138,468	13.92	117,498	13.24
Package express	370,374	37.25	154,287	17.38
Other - service charges	47,540	4.78	54,961	6.19
- charter	22,451	2.26	18,833	2.12
- miscellaneous	18,189	1.83	7,582	.85
Total	12,137,958	1,220.63	7,574,044	853.31
<u>Operating expenses:</u>				
Flight operations	2,292,439	230.54	1,438,368	162.05
Maintenance	1,380,533	138.83	1,145,685	129.08
Terminal operations	1,061,987	106.80	741,974	83.59
In-flight services	580,377	58.36	399,281	44.98
Marketing	979,021	98.45	733,125	82.60
Insurance & taxes	732,703	73.68	677,519	76.33
General and administrative	557,216	56.04	415,408	46.80
Depreciation and amortization	1,241,835	124.88	1,118,399	126.00
Total	8,826,111	887.58	6,669,759	751.43
Operating profit or (loss)	\$ 3,311,847	\$ 333.05	\$ 904,285	\$101.88
<u>Non-operating income and (expenses):</u>				
Interest income & misc.	36,597	3.68	11,380	1.28
Cash discounts earned	1,654	.17	1,146	.13
Interest expense	( 1,102,909)	( 110.91)	( 867,117)	( 97.69)
Employee profit sharing	( 193,300)	( 19.44)	-	-
Total	( 1,257,958)	( 126.50)	( 854,591)	( 96.28)
Net income or (loss)	<u>\$ 2,053,889</u>	<u>\$ 206.55</u>	<u>\$ 49,694</u>	<u>\$ 5.60</u>
Trips operated	9,944		8,876	
Passengers carried	622,855		453,117	
Yield per passenger		\$ 19.49		\$ 16.72
Avg. Total cost per psgr.		\$ 16.19		\$ 16.61

Sch. D

SOUTHWEST AIRLINES CO.Passenger Revenues By Class

October, 1974

	<u>Passengers</u>	<u>Amount</u>	<u>Per Passenger</u>
<u>Passenger revenues:</u>			
Full Fare	40,683	\$ 938,742	\$23.08
Economy	30,492	392,375	12.87
All others	4,221	94,177	22.31
<b>Total</b>	<u>75,396</u>	<u>\$1,425,294</u>	<u>\$18.90</u>

Operating Expenses Classified Objectively

	<u>Current Month</u>		<u>Year-to-date</u>	
	<u>Amount</u>	<u>Per Trip</u>	<u>Amount</u>	<u>Per Trip</u>
<u>Operating expenses:</u>				
Salaries and wages	\$ 275,941	\$209.05	\$2,306,500	\$231.95
Employee profit sharing	3,500	2.65	193,300	19.44
Payroll burden-ins. & taxes	22,339	16.92	199,280	20.04
Personnel expenses	9,071	6.87	74,505	7.49
Total personnel costs	<u>\$ 310,851</u>	<u>\$235.49</u>	<u>\$2,773,585</u>	<u>\$278.92</u>
Comm., utilities purchased	10,501	7.96	98,610	9.92
Traffic comm. & discounts	39,197	29.70	314,751	31.65
Legal & Prof. fees & expenses	61,983	46.96	218,512	21.97
O/S services & repairs	44,737	33.89	596,844	60.02
Rentals	31,364	23.76	282,505	28.41
Aircraft fuels & oil	276,544	209.50	1,534,532	154.32
Maint. materials & supplies	24,099	18.26	260,096	26.16
Stat., prtng. & office supplies	18,919	14.33	108,887	10.95
Psgr. bev. & supplies	31,690	24.00	203,858	20.50
Insurance-Prop. & PL & PD	46,100	34.92	375,694	37.78
Taxes-Prop., franchise, other	16,228	12.29	157,730	15.86
Advertising & public relations	129,987	98.48	532,786	53.58
All other	4,284	3.25	76,351	7.68
Total cash expenses	<u>\$1,046,484</u>	<u>\$792.79</u>	<u>\$7,534,741</u>	<u>\$757.72</u>
Change in A/W reserves	59,659	45.20	242,834	24.42
Prov. for depr. & amort.	149,084	112.94	1,241,836	124.88
<b>Total operating expenses</b>	<u>\$1,255,227</u>	<u>\$950.93</u>	<u>\$9,019,411</u>	<u>\$907.02</u>

SOUTHWEST AIRLINES CO.

## Operating Expenses by Cost Center

October, 1974

<u>A/C</u> <u>No.</u>	<u>No. of</u> <u>Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
100.0			
Flight Operations -			
121 General management personnel	1	\$ 2,500	\$ 24,400
123 Pilots and first officers	31	50,335	398,646
126.1 Dispatch personnel	4	5,280	49,910
131 Record keeping & stat. per.	1	850	7,600
135.1 Secretary & stenos.	1	575	5,766
136.1 Personnel expenses-Mgt.		340	759
136.2 Personnel expenses-Pilots		1,915	17,810
137 Communications purchased		442	7,445
141 Prof. & tech. fees & expenses		31,348	51,348
142.1 Into-plane fuel charges		8,640	68,229
142.9 Outside services-Other		1,031	( 67)
144.4 Landing fees		15,355	123,388
144.6 Rentals-Vehicles		77	770
145 Aircraft fuel & oil		276,544	1,534,533
150 Stat. prtng. & office supplies		110	1,274
153 Other supplies		120	628
171 Other expenses			
Total	<u>38</u>	<u>\$395,462</u>	<u>\$2,292,439</u>
Per R to R Hour		<u>\$ 376.27</u>	<u>\$ 288.47</u>

SOUTHWEST AIRLINES CO.  
OPERATING EXPENSES BY COST CENTER  
OCTOBER 1974

Sch E. 2

<u>A/C No.</u>	<u>No. of Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
<b>200.0</b> Maintenance -			
<b>221</b> General management personnel	3	\$ 4,675	\$ 44,350
<b>225</b> Maintenance labor (hourly)	33	39,143	329,773
<b>228</b> Trainees & instructors	1	1,250	11,600
<b>231</b> Record keeping & statistical	2	1,225	7,285
<b>234</b> Buyers & stock clerks	6	4,564	44,732
<b>235.1</b> Secretary & stenographer	4	2,235	20,290
<b>235.2</b> Other employees	2	2,600	24,950
<b>236.1</b> Personnel expenses-Mgt.		323	4,028
<b>236.2</b> Personnel expenses-Mechanics		585	( 2,895)
<b>237</b> Communications Purchased			235
<b>242.8</b> O/S serv. - Freight		2,855	16,068
<b>242.9</b> O/S serv. - Other		6,508	22,667
<b>243</b> O/S repairs		19,703	304,002
<b>244.3</b> Rental-Hangar		3,675	36,375
<b>244.6</b> Rental-Vehicles		77	1,014
<b>244.8</b> Rental-Operations-Terminal		343	3,300
<b>246</b> Maintenance materials		23,749	213,851
<b>249</b> Shop & servicing supplies		3,886	42,496
<b>250</b> Stat., prtng. & office supplies		548	5,154
<b>253</b> Other supplies		1,814	8,424
<b>254</b> Inventory adjustments		-	-
<b>271</b> Other expenses		-	-
<b>272.0</b> Provision for A/W reserves		90,200	677,500
<b>272.1</b> A/W reserve charges		( 30,541)	( 434,666)
<b>Total</b>	<u>51</u>	<u>\$179,417</u>	<u>\$1,380,533</u>
<b>Per Air-time Hour</b>		<u>\$ 202.05</u>	<u>\$ 206.20</u>

	Detail of			
	Current Month		Year-to-date	
	<u>A/C 243</u>	<u>A/C 246</u>	<u>A/C 243</u>	<u>A/C 246</u>
<b>.1</b> Airframe O/H	1,699	11,269	10,289	115,295
<b>.2</b> Engine O/H & repairs	792	751	143,209	6,215
<b>.3</b> Component O/H - Airframe	7,753	655	49,988	7,076
<b>.4</b> Component O/H - Engines	1,790		29,062	
<b>.5</b> Instrument repairs	3,658		16,843	
<b>.6</b> Avionics repairs	672		32,907	
<b>.7</b> APU repairs	1,487		17,443	6,339
<b>.8</b> Wheels, tires & brakes		9,733		69,857
<b>.9</b> Ground equipment repairs	<u>1,852</u>	<u>1,341</u>	<u>4,261</u>	<u>9,069</u>
<b>Total</b>	<u>19,703</u>	<u>23,749</u>	<u>304,002</u>	<u>213,851</u>

## SOUTHWEST AIRLINES CO.

## OPERATING EXPENSES BY COST CENTER

OCTOBER 1974

<u>A/C</u> <u>No.</u>	<u>No. of</u> <u>Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
300.0 Terminal Operations			
321 General management personnel	5	\$ 6,100	\$ 57,479
326.2 Ramp personnel	21	12,493	53,932
326.3 Psgr. Handling personnel	79	42,670	391,600
326.4 Reservation personnel	37	21,841	186,472
335.1 Secretary & steno.	1	635	5,840
336.1 Personnel expense-Mgt.		69	218
336.2 Personnel expense-Stat. employees		484	2,150
337 Communications purchased		5,796	53,522
338 Utilities		2	10
341 Prof. & Tech. fees & expenses		-	1,251
342.0 Security costs		20,322	130,206
342.2 O/S services - Acft. handling (HOU)		-	-
342.3 O/S services-Baggage handling (DAL)		711	3,804
342.4 O/S services-Porter service		-	1,609
342.9 O/S services-Other		1,719	30,036
343.9 O/S services-Repairs		12	669
344.1 Rentals-Counter & oper. space		4,576	45,880
344.2 Rentals-Gate positions		2,661	25,632
344.6 Rentals-Vehicles		154	1,439
346.9 Maintenance-Ground equipment		324	7,068
350 Stat., prtng. & office supplies		3,179	31,571
353 Other supplies		275	3,597
358 Baggage claims paid		1,749	10,133
363 Interrupted trip expense		504	4,720
364 Memberships		-	-
370 Charter costs		506	1,923
371 Other expenses		510	11,226
<b>Total</b>	<u>143</u>	<u>\$127,292</u>	<u>\$1,061,987</u>
<b>Per Passenger Carried</b>		<u>\$ 1.69</u>	<u>\$ 1.71</u>

SOUTHWEST AIRLINES CO.  
OPERATING EXPENSES BY COST CENTER  
OCTOBER 1974

<u>A/C No.</u>	<u>No. of Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
400.0 In-flight Service			
421 General management personnel	1	\$ 1,600	\$ 15,400
424 Hostesses	63	37,459	262,068
426.2 Provisioning Agents	8	4,836	45,384
428 Trainees & instructors	1	650	7,638
435.1 Secretary & steno	1	575	5,082
436.1 Personnel expenses-Mgt.		-	174
436.2 Personnel expenses-Hostesses		3,198	25,517
436.3 Personnel expenses-Uniforms		-	17
437.0 Communications purchased		163	3,047
442.9 O/S services		-	-
444.9 Rental-Provisioning		1,058	9,622
450 Stat., prtng. & office supplies		111	2,452
451.1 Psgr. beverage exp.-cost of liquor		12,340	92,996
451.2 Psgr. beverage, setups, and supplies		6,190	37,086
451.3 Psgr. beverage exp.-liquor tax		1,966	15,066
451.4 Psgr. beverage exp.-non-alcoholic		1,508	17,505
452 Psgr. supplies		7,433	37,730
453 Other expenses		280	3,593
 Total	 <u>74</u>	 <u>\$79,367</u>	 <u>\$580,377</u>

## SOUTHWEST AIRLINES CO.

## OPERATING EXPENSES BY COST CENTER

OCTOBER 1974

<u>A/C No.</u>	<u>No. of Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
500.0 Marketing -			
521 General management personnel	1	\$ 1,950	\$ 18,600
533 Traffic solicitors	6	4,500	42,534
535.1 Secretary & steno.	2	1,350	11,888
535.2 Other personnel	1	950	9,050
536.1 Personnel exp. - Mgt.		278	3,362
536.2 Personnel exp. - Traffic solicitors		687	6,896
537 Communications purchased		304	2,553
539.1 Traffic comm. - Agency		19,121	160,308
539.2 Discounts - Charge sales		20,076	154,443
541 Professional & Technical fees		-	-
542.9 O/S services		412	9,411
544.5 Rentals-Sales offices		271	2,727
544.6 Rentals-Vehicles		538	5,384
550 Stat., prtg. & office supplies		1,094	9,608
553 Other supplies		578	3,551
559 Promotional material		1,279	10,620
560.1 Advertising-Newspaper		66,188	100,223
560.2 Advertising-TV		110	118,779
560.3 Advertising-Radio		33,344	36,928
560.4 Advertising-Billboards		12,567	138,491
560.5 Advertising-Other publications		3,575	22,258
560.6 Advertising-Production costs		9,450	86,802
562 Other promotional & pub. exp.		3,251	22,295
564 Memberships		203	2,059
566 Provisions for bad debts		-	10,767
566.1 Bad debts recovery		( 110)	( 10,546)
571 Other expenses		-	30
 Total	 <u>10</u>	 <u>\$181,966</u>	 <u>\$979,021</u>



SOUTHWEST AIRLINES CO.  
OPERATING EXPENSES BY COST CENTER  
OCTOBER 1974

<u>A/C</u> <u>No.</u>	<u>Current Month</u>	<u>Year-to-date</u>
<b>600.0 Insurance &amp; Taxes -</b>		
655.0 Profit sharing	(\$ 6,250)	(\$ 67,246)
655.1 Insurance-Aircraft hull	20,462	173,784
655.2 Insurance-Floater (Contents)	820	8,109
655.3 Insurance-Other-General	1,484	11,773
656.1 Insurance-Passenger liability	25,890	212,438
656.2 Insurance-PL & PD	3,631	36,360
656.3 Insurance-Other liability	63	474
657.1 Insurance-Emp. welfare-Workmen's comp.	2,041	11,252
657.2 Insurance-Emp. welfare-Group	7,598	60,968
<b>Total Insurance</b>	<u><b>\$55,739</b></u>	<u><b>\$447,912</b></u>
 668.1 Payroll taxes-FICA	12,387	119,497
668.2 Payroll taxes-State unemployment	13	1,031
668.3 Payroll taxes-Fed. unemployment	300	6,534
669.1 Taxes - Property	14,203	140,800
669.2 Taxes - Franchise	709	6,811
669.3 Taxes - Other	1,316	10,118
<b>Total Taxes</b>	<u><b>\$28,928</b></u>	<u><b>\$284,791</b></u>
<b>Total Insurance &amp; Taxes</b>	<u><b>\$84,667</b></u>	<u><b>\$732,703</b></u>
 <b>Total Payroll burden (MEMO)</b>	<u><b>\$22,339</b></u>	<u><b>\$199,282</b></u>
 <b>Total Payroll burden per employee</b>	<u><b>\$ 66.88</b></u>	<u><b>\$ 72.31</b></u>

SOUTHWEST AIRLINES CO.  
OPERATING EXPENSES BY COST CENTER  
OCTOBER 1974

Sch. E. 7

<u>A/C No.</u>	<u>No. of Employees</u>	<u>Current Month</u>	<u>Year-to-date</u>
<b>700.0 General and Administrative -</b>			
721 General management personnel	3	\$ 8,167	\$ 30,600
722 Deferred compensation		4,680	54,180
730 Switchboard operator	1	575	5,331
731 Record keeping & stat. personnel	13	8,728	79,590
735.1 Secretary & steno.	1	950	9,050
735.2 Other personnel		-	-
736.1 Personnel expense-Mgt.		1,162	16,074
736.2 Personnel expense-Other		30	388
737 Communications purchased		3,794	33,470
740 Legal fees & expenses		10,313	129,221
741 Prof. & tech. fees & expenses		-	16,876
742.6 O/S services-Computer time		1,900	17,554
742.9 O/S services-Other		1,246	6,102
743.9 O/S repairs-Ground equipment		-	-
744.5 Rentals-Office		-	18,000
744.6 Rentals-Vehicles		227	2,295
744.7 Rentals-Xerox		2,352	11,363
746.9 Maint. materials-Ground equipment		26	224
750 Stat., printing & office supplies		6,892	37,233
753 Other supplies		312	3,006
764 Memberships		20	520
765 Corporate & fiscal expenses		2,988	34,521
771 Other expenses-Donations		110	1,618
<b>Total</b>	<b>18</b>	<b>\$ 54,472</b>	<b>\$ 557,216</b>
Percent of other cash costs		5.20%	7.93%
<b>800.0 Depreciation and Amortization -</b>			
874.1 Amortization - Certification costs		\$ 8,836	\$ 88,356
874.2 - Love Field Case		9,146	75,684
875.6 Depr. - Flight equipment		124,450	1,009,555
875.8 Depr. - Maintenance equipment		980	9,150
875.9 Depr. - General ground prop.		5,672	59,090
<b>Total</b>		<b>\$149,084</b>	<b>\$1,241,835</b>
989.1 Employee Profit Sharing		\$ 3,500	\$ 193,300
<b>Profit-Year to date before profit sharing plan</b>		<b>\$119,468</b>	<b>\$2,247,189</b>
6/12 of \$1,150,000		95,883	958,833
Amount subject to profit sharing		23,585	1,288,356
Rate		x 15%	x 15%
<b>Provisions for profit sharing</b>		<b>\$ 3,500</b>	<b>\$ 193,300</b>

Sch. FSOUTHWEST AIRLINES CO.

## Operating and Marketing Statistics

October 1974

	Current Month		Year-to-date	
	1974	1973	1974	1973
<u>Operating Statistics -</u>				
Trips scheduled	1,347	988	10,090	9,134
Trips flown	1,320	936	9,944	8,876
Completion factor	98.0%	94.7%	98.6%	97.2%
Hours flown -air time	888	645	6,695	6,124
-R to R time	1,051	801	7,947	7,497
Minutes per trip -air time	40.4	41.3	40.4	41.4
-R to R time	47.8	51.3	48.0	50.7
<u>On-time Performance (Departures) -</u>				
On-schedule	56.5%	42.8%	63.0	44.6
Within 5 minutes	17.0	22.8	20.1	22.7
6 - 15 minutes late	14.6	17.1	9.9	17.4
Over 15 minutes late	11.9	17.3	7.0	15.3
	100.0	100.0	100.0	100.0
Arrivals within 15 mins. of schedule	88.1	79.1	93.0	81.3
<u>Marketing Statistics -</u>				
Revenue passengers				
DAL-HOU (Hobby) segment	47,772	28,619	395,622	275,207
DAL-SAT segment	23,121	15,881	202,118	143,359
SAT-HOU (Hobby) segment	4,503	3,526	25,115	34,551
System	75,396	48,026	622,855	453,117
<u>Trips flown by market</u>				
DAL-HOU	732	518	6,066	5,088
DAL-SAT	414	278	2,958	2,390
SAT-HOU	174	140	920	1,398
System	1,320	936	9,944	8,876
<u>Average passengers per trip</u>				
DAL-HOU	65.3	55.3	65.2	54.1
DAL-SAT	55.8	57.1	68.3	60.0
SAT-HOU	25.9	25.2	27.3	24.7
System	57.1	51.3	62.6	51.0

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